MADISON CREATIVE ARTS ACADEMY, INC.
(A COMPONENT UNIT OF MADISON COUNTY SCHOOL DISTRICT)

FINANCIAL STATEMENTS

JUNE 30, 2025

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JAMESMOORE

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Madison Creative Arts Academy, Inc.:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Madison Creative Arts Academy, Inc. (the "School") (a component unit of the Madison County School District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Madison Creative Arts Academy, Inc. as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgement 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 the 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2025 on our consideration of Madison Creative Arts Academy, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Madison Creative Arts Academy, Inc.'s internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida
September 16, 2025

This discussion and analysis (MD&A) of Madison Creative Arts Academy, Inc.'s (the "School") financial condition provides an overview of financial activity, identifies changes in financial position and assists the reader in focusing on significant financial issues. The primary purpose of the School is to provide an educational program for approximately 400 students. It is important to the long-term existence of the School to maintain its financial health. Net position is accumulated only to the extent required to ensure that there are sufficient reserve funds for future operations and for new capital needs.

The MD&A provides summary level financial information; therefore, it should be read in conjunction with the accompanying financial statements.

FINANCIAL HIGHLIGHTS

- The School's governmental funds reported combined ending fund balances of $1,828,001.
- The School's net position was $1,871,016 at June 30, 2025.
- Total governmental fund revenues exceeded expenses and other financing uses by $62,975.
- The school is striving to sustain the minimum general fund balance of 5% as a percentage of current year expenditures and was able to end the fiscal year with the ratio at 46%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both of the government-wide financial statements distinguish functions of the School that are principally supported by school board, state, and federal funding (governmental activities) and charges for services from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of The School include basic instruction, exceptional instruction, media services, guidance services, health services, curriculum development, staff development, general administration, school administration, facilities, fiscal services, food services, transportation, operation of plant, maintenance of plant, community services, other programs and services, interest on long-term debt, and unallocated depreciation.

The government-wide financial statements include only The School itself, which is a component unit of the Madison County School Board. The Madison County School Board includes the operations of the School in their operations.

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

Fund financial statements—A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

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

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

The School maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances in the general fund and capital fund, both of which are considered to be major funds. The general fund is not restricted by an outside source and can be used to fund general activities. This fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital grants.

The School adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided to demonstrate compliance with this budget. Presentation of the Capital Fund is not required by GASB.

The basic governmental fund financial statements can be found on pages 12 - 14 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 17 of this report.

CONDENSED FINANCIAL INFORMATION

The following table presents condensed, government-wide data about net position and changes in net position as of and for the years ended June 30, 2025 and 2024.

Net Position

	June 30, 2025	June 30, 2024
ASSETS		
Current and other assets	$ 2,018,012	$ 1,928,038
Capital assets, being depreciated, net	7,404,843	7,620,118
Right to use lease assets, being amortized, net	48,200	80,333
Total assets	9,471,055	9,628,489
Deferred outflows of resources	623,353	684,187
LIABILITIES		
Current and other liabilities	190,011	163,012
Noncurrent liabilities	6,036,224	6,142,059
Net pension liability	1,798,862	1,921,657
Total liabilities	8,025,097	8,226,728
Deferred inflows of resources	198,295	71,136
NET POSITION		
Net investment in capital assets	1,440,627	1,582,500
Unrestricted	430,389	432,312
Total net position	$ 1,871,016	$ 2,014,812

Changes in Net Position

	June 30, 2025	June 30, 2024
REVENUES		
General revenues:		
State of Florida Education Finance Program	$ 3,357,486	$ 3,222,784
Charges for services	278,209	224,405
Operating grants and contributions	308,013	446,882
Other revenue	69,593	65,609
Interest income	25,386	25,317
Total revenues	4,038,687	3,984,997
EXPENSES		
Instruction and instruction related services	2,180,597	2,532,136
School administration	356,553	344,385
Operations	333,614	309,329
Community service	18,850	25,500
Pupil transporation services	232,638	232,550
Food services	113,365	123,856
Health services	52,025	51,785
Fiscal services	106,869	114,873
Depreciation	240,494	233,244
Interest	515,345	267,976
Amortization	32,133	33,998
Total expenses	4,182,483	4,269,632
Change in net position	$ (143,796)	$ (284,635)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, assets did exceed liabilities by $1,445,958 at the close of the most recent fiscal year. The $143,796 decrease in net assets is primarily attributed to the School's interest payment on its outstanding debt.

As a result of the current fiscal year operations, the School is reporting a decrease of $1,923 in unrestricted net position from governmental activities based on operating activities. The School is reporting a current year decrease of $141,873 in net investment in capital assets. This decrease is related to the depreciation of capital assets being greater than acquisition of capital assets and the payment on the note.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The fund financial statements provide detailed information about the most significant funds – not the School as a whole. Some funds are required to be established by State law. However, management may establish various funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies that it receives.

Governmental funds— The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School's governmental funds reported combined ending fund surplus of $1,814,229.

The general fund is the chief operating fund of the School. At the end of the current fiscal year, unassigned fund surplus of the general fund was $1,814,229, an increase of $49,203 from the prior year. The total general fund balance increased by $49,203 during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the fiscal year, the School revises its General Fund Budget in order to deal with unexpected changes in revenue and expenditures. The Governing Board adopts its initial budget based on projected enrollment and the corresponding projected revenues. Amendments are primarily required to reflect changes in revenue estimates from the State of Florida Education Finance Program (FEFP) as actual enrollments are determined. The 2025 actual amounts compared to final budgeted amounts showed that actual expenditures were less than budgeted, contributing to the increase in fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Debt—Information on the School's debt can be found in Note 9, see table of contents for notes to the financials.

Capital assets—At June 30, 2025, the School had $7,404,843 invested in capital assets (net of depreciation), including furniture, equipment and building improvements.

	Governmental Activities June 30, 2025
Capital assets, being depreciated	
Furniture, Fixtures and Equipment	$ 581,585
Software	25,808
Buildings and improvements	8,072,513
Accumulated Depreciation	(1,275,063)
Totals	$ 7,404,843

ECONOMIC FACTORS

The economic position of the School for general operating is closely tied to that of the State. The formula for determining funding for education is set by Statute. State funds to charter schools are provided primarily by legislative appropriations from the State's general revenue funds under the Florida Education Finance Program (FEFP), and the State funding for operations is primarily from sales, gasoline, and corporate income taxes. Additionally, the level of tourism in the State heavily influences the amount of taxes collected. Significant changes in State revenue collections could directly impact future School revenue allocations.

REQUEST FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, parents and creditors with a general overview of the School's finances, and to demonstrate the School's accountability for the money it receives. If readers have any questions about this report or need additional financial information, contact the Principal, at Madison Creative Arts Academy, Inc., 622 NE Rocky Ford Road; Madison, FL 32340.

MADISON CREATIVE ARTS ACADEMY, INC.
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 1,911,537
Grant and other receivables	50,714
Prepaid items and other assets	54,761
Capital assets, being depreciated, net	7,404,843
Right-to-use lease assets, being amortized, net	48,200
Deposit	1,000
Total assets	$ 9,471,055
DEFERRED OUTFLOWS	
Related to changes in the net pension liability	$ 623,353
LIABILITIES	
Accounts payable and accrued expense	$ 138,696
Due to agency fund	51,315
Noncurrent Liabilities:	
Due within one year	23,808
Due within one year - note payable	71,119
Due in more than one year - note payable	5,885,591
Due within one year - lease	36,742
Due in more than one year - lease	18,964
Net pension liability	1,798,862
Total liabilities	$ 8,025,097
DEFERRED INFLOWS	
Related to changes in the net pension liability	$ 198,295
NET POSITION	
Net investment in capital assets	$ 1,440,627
Unrestricted	430,389
Total net position	$ 1,871,016

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

MADISON CREATIVE ARTS ACADEMY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
Functions/Programs	**EXPENSES**	**CHARGES FOR SERVICES**	**OPERATING GRANTS AND CONTRIBUTIONS**	**CAPITAL GRANTS AND CONTRIBUTIONS**	**GOVERNMENTAL ACTIVITIES**
Governmental activities:					
Instruction and instruction related services	$ 2,037,071	$ 105,914	$ 308,013	$ -	$ (1,623,144)
Instructional media services	71,644	-	-	-	(71,644)
Instructional staff training services	10,436	-	-	-	(10,436)
Instruction-related Technology	61,238	-	-	-	(61,238)
Board	208	-	-	-	(208)
School administration	356,553	-	-	-	(356,553)
Fiscal services	106,869	-	-	-	(106,869)
Operations	328,759	-	-	250,577	(78,182)
Maintenance of plant	4,855	-	-	-	(4,855)
Pupil transportation services	232,638	-	-	-	(232,638)
Community service	18,850	87,655	-	-	68,805
Food services	113,365	84,640	-	-	(28,725)
Health services	52,025	-	-	-	(52,025)
Depreciation	240,494	-	-	-	(240,494)
Interest	515,345	-	-	-	(515,345)
Amortization	32,133	-	-	-	(32,133)
Total governmental activities	$ 4,182,483	$ 278,209	$ 308,013	$ 250,577	(3,345,684)
General revenues:					
Grants and contributions not restricted to specific purposes					3,106,909
Interest income					25,386
Other revenue					69,593
Total general revenues					3,201,888
Change in net position					(143,796)
Net position, beginning of year					2,014,812
Net position, end of year					$ 1,871,016

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

MADISON CREATIVE ARTS ACADEMY, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Capital Project Fund	Nonmajor Governmental Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,911,537	$ -	$ -	$ 1,911,537
Grant and other receivables	50,714	-	-	50,714
Prepaid items and other assets	54,761	-	-	54,761
Deposit	1,000	-	-	1,000
Total Assets	$ 2,018,012	$ -	$ -	$ 2,018,012
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expense	$ 138,696	$ -	$ -	$ 138,696
Due to agency fund	51,315	-	-	51,315
Total liabilities	190,011	-	-	190,011
Fund Balances:				
Nonspendable:				
Prepaid and other items	54,761	-	-	54,761
Committed:				
Contingency reserve	403,679	-	-	403,679
Unassigned	1,369,561	-	-	1,369,561
Total fund balances	1,828,001	-	-	1,828,001
Total Liabilities and Fund Balances	$ 2,018,012	$ -	$ -	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	8,679,906	
Accumulated depreciation	(1,275,063)	7,404,843
Right-to-use lease assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Right to use lease assets	160,666	
Accumulated amortization	(112,466)	48,200
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	(23,808)	
Note payable	(5,956,710)	
Lease payable	(55,706)	(6,036,224)
Net pension liability and related deferred inflows/outflows are not due and payable in the current period and, therefore, are not reported in the funds.		
Deferred outflows	623,353	
Deferred inflows	(198,295)	
Net pension liability	(1,798,862)	(1,373,804)
Net position of governmental activities		$ 1,871,016

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

MADISON CREATIVE ARTS ACADEMY, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Capital Project Fund	Nonmajor Governmental Fund	Total Governmental Funds
Revenues				
Intergovernmental				
Florida education finance program	$ 3,106,909	$ -	$ -	$ 3,106,909
Capital outlay funds	-	250,577	-	250,577
Federal through state	-	-	174,716	174,716
Local	481,099	-	-	481,099
Interest income	25,386	-	-	25,386
Total revenues	3,613,394	250,577	174,716	4,038,687
Expenditures				
Instruction and instruction related services	2,026,959	-	-	2,026,959
Instructional media services	71,644	-	-	71,644
Instructional staff training services	10,436	-	-	10,436
Instruction-related Technology	61,238	-	-	61,238
Board	208	-	-	208
School administration	356,553	-	-	356,553
Facility acquisitions and construction	-	-	-	-
Fiscal services	65,163	-	-	65,163
Operations	338,978	40,320	-	379,298
Maintenance of plant	4,855	-	-	4,855
Pupil transportation services	232,638	-	-	232,638
Community service	18,850	-	-	18,850
Food services	113,365	-	-	113,365
Health services	52,025	-	-	52,025
Debt service:				
Principal	70,317	-	-	70,317
Interest	512,163	-	-	512,163
Total expenditures	3,935,392	40,320	-	3,975,712
Excess (deficiency) of revenues over (under) expenditures	(321,998)	210,257	174,716	62,975
Other financing sources				
Transfers in	384,973	-	-	384,973
Transfers out	-	(210,257)	(174,716)	(384,973)
Total other financing sources (uses)	384,973	(210,257)	(174,716)	-
Net change in fund balances	62,975	-	-	62,975
Fund balance, beginning of year, as restated	1,765,026	-	-	1,765,026
Fund balances, end of year	$ 1,828,001	$ -	$ -	$ 1,828,001

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

MADISON CREATIVE ARTS ACADEMY, INC.
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances-total governmental funds		$ 62,975
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Changes in:		
Compensated absences	300	
Net pension liability	122,795	
Deferred outflows related to net pension liability	(60,834)	
Deferred inflows related to net pension liability	(127,159)	(64,898)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds.		
Long-term lease liability - redemption of principle	35,218	
Principal paid on long-term debt	70,317	105,535
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.		
Capital outlays	25,219	
Depreciation and amortization	(272,627)	(247,408)
Change in net position of governmental activities		$ (143,796)

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

MADISON CREATIVE ARTS ACADEMY, INC.
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025

ASSETS

	Custodial Funds
Cash and cash equivalents	$ 107,975
Due from general fund	51,315
Total assets	$ 159,290

LIABILITIES

Due to student clubs and activities	$ -

NET POSITION

Restricted:	
Classroom support, special area programs, and student activities	$ 159,290

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

MADISON CREATIVE ARTS ACADEMY, INC.
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2025

	Custodial Funds
Additions:	
Fieldtrips, athletics, and clubs	$ 264,317
Deductions:	
Fieldtrips, athletics, and clubs	250,365
Change in net position	13,952
Net position, beginning of year	145,338
Net position, end of year	$ 159,290

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

(1) Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies of Madison Creative Arts Academy, Inc. (the "School"), which affect significant elements of the accompanying basic financial statements:

(a) **Reporting entity**—Madison Creative Arts Academy, Inc. was created on August 6, 2015, to operate as a charter school under Florida Statutes. The charter was approved and effective beginning July 1, 2016. The School entered into a contract with Madison County District School Board (the "District") to provide an educational program for elementary and middle school public school students. The School receives a majority of its funding through the District based on a formula of student attendance which is identical to that of other Madison County, Florida public schools. The current Charter has been granted for fifteen years through June 30, 2035. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. Madison Creative Arts Academy, Inc. is considered a component unit of the Madison County District School Board.

(b) **Description of government wide financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities are normally supported by intergovernmental revenues and other nonexchange transactions.

(c) **Basis of presentation – government wide financial statements—**While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include operating grants and contributions. Items not properly included among program revenues, such as monies received from the Madison County District School Board, are reported as general revenues.

(d) **Basis of presentation – fund financial statements**—The fund financial statements provide information about the government's funds. Separate statement for the fund category, governmental, is presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

The School reports the following major governmental funds:

General Fund—The general fund is used to record the general operations of the School pertaining to education and those operations not provided for in other funds.

Capital Projects Fund—The capital projects fund is used to account for financial resources to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, and major maintenance projects.

(1) **Summary of Significant Accounting Policies:** (Continued)

Additionally, the School reports the following Fiduciary Fund:

Custodial Fund—Custodial funds do not involve measurement of results of operations. The School's custodial fund accounts for classroom support, special area programs and student activities.

During the course of operations, the School has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

(e) **Measurement focus and basis of accounting**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Amounts reported as program revenues include charges for services, operating grants and contributions, and capital grants and contributions. Items not properly included among program revenues, such as monies received from the Madison County School Board, are reported as general revenues.

All governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available. Available means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. The principal exceptions to this are: principal and interest on general long-term debt, which are recorded as expenditures only when payment is due.

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

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

(1) **Summary of Significant Accounting Policies:** (Continued)

(f) **Budgetary data**—The budgetary process is prescribed by provisions of the laws of Florida and requires the governing board to adopt an operating budget each year. The School's governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption.

(g) **Deposits and investments**—Cash and cash equivalents include amounts in demand deposits as well as investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents.

(h) **Income taxes**—The School is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The School files income tax returns in the U.S. Federal jurisdiction. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

The School has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the School.

(i) **Capital assets**—Capital assets are defined by the School as assets with an initial individual cost of $1,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment of the School is depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Furniture and equipment	3 – 5
Software	5
Buildings and improvements	40

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

(1) **Summary of Significant Accounting Policies:** (Continued)

(k) **Revenue sources—**Revenues for current operations are received primarily from the Madison County District School Board pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the Madison County District School Board.

Under the provisions of Section 1011.62, Florida Statutes, the Madison County District School Board reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during designated FTE student survey periods.

(l) **Fund balance—**

Net position flow assumption—Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions—Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

(m) **Pensions**—For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and additions to/deductions from FRS's fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(1) **Summary of Significant Accounting Policies:** (Continued)

(n) **Prepaid items and other assets**—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

(o) **Deferred outflows/inflows of resources**—In addition to assets and liabilities, the statement of financial position will, if required, report a separate section for deferred outflows of resources and deferred inflows of resources, respectfully. These separate financial statement elements, deferred outflows/inflows of resources, represents a consumption and acquisition of net assets that applies to a future period(s) and so will not be recognized as an outflow/inflow of resources (expense/expenditure or revenue) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note (8).

(p) **Leases**— The School leases portable buildings. The School determines if an arrangement is a lease at inception. The School recognize intangible right-to-use (RTU) assets and corresponding lease liabilities for all leases that are not considered short-term. RTU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. RTU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Basis of lease classification – Leases that meet the following requirements will not be considered short term: (1) the maximum possible lease term(s) is non-cancelable by both lessee and lessor, and is more than 12 months.

Discount Rate – Unless explicitly stated in the lease agreement, known by the School, or the School is able to determine the rate implicit within the lease, the discount rate used to calculate lease right-to-use assets and liabilities will be the School's estimated borrowing rate at the time of lease inception.

(2) **Deposits:**

Custodial credit risk—In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned. At year end, the carrying amount of the School's deposits was $1,911,537 and the bank balance was $1,919,436. Of the bank balance, $250,000 is covered by Federal depository insurance or by collateral held by the School's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes. The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

(3) **Significant Funding Source:**

The School receives a substantial amount of its funding from the Madison County District School Board. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the School's programs and activities.

(4) **Capital Assets:**

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

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets, being depreciated:				
Furniture, fixtures, and equipment	$ 568,505	$ 13,080	$ -	$ 581,585
Computer software	25,808	-	-	25,808
Buildings and improvements	8,060,374	12,139	-	8,072,513
Total capital assets, being depreciated	8,654,687	25,219	-	8,679,906
Less accumulated depreciation:				
Furniture, fixtures, and equipment	(448,449)	(43,584)	-	(492,033)
Computer software	(25,176)	-	-	(25,176)
Buildings and improvements	(560,944)	(196,910)	-	(757,854)
Total accumulated depreciation	(1,034,569)	(240,494)	-	(1,275,063)
Capital assets being depreciated, net	$ 7,620,118	$ (215,275)	$ -	$ 7,404,843

Capital assets are used by multiple functions with the School and cannot be easily charged directly to a specific function. For the year ended June 30, 2025, unallocated depreciation expense was $240,494.

The School currently has a land lease agreement for $10 per year that is in effect through March of 2052.

(5) **Risk Management:**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance.

(6) **Interfund Balances and Transfers:**

The following is a summary of inter-fund amounts related to custodial fund expenditures paid out of the general fund account at June 30, 2025:

Receivable Fund	Payable Fund	Amount
Custodial Fund	General Fund	$ 51,315

(6) **Interfund Balances and Transfers:** (Continued)

Transfers from/to other funds for the year ended June 30, 2025, were as follows:

Recipient Fund	Amount	Reason for Transfer
General Fund	$ 210,257	Transfer from PECO Fund to aid in operation cost for General Fund for the current year.
General Fund	$ 174,716	Transfer from Special Revenue Fund to aid in CARES cost for the General Fund for the current year.

(7) **Leases:**

The School has leases for buildings, which have remaining lease terms expiring in fiscal year 2027.

As of June 30, 2025, total lease related assets by major class, and the related accumulated depreciation, disclosed separately from other capital assets is as follows:

	Balance June 30, 2024	Additions	Disposals	Balance June 30, 2025
Right-to-use leased assets, being amortized:				
Portable buildings	$ 160,666	$ -	$ -	$ 160,666
Total leased assets, being amortized	160,666	-	-	160,666
Less accumulated amortization for:				
Portable buildings	(80,333)	(32,133)	-	(112,466)
Total accumulated amortization	(80,333)	(32,133)	-	(112,466)
Right-to-use leased assets, net	$ 80,333	$ (32,133)	$ -	$ 48,200

The amortization expense for right-to-use lease assets was $32,133 for the year ended June 30, 2025.

The principal and interest requirements to maturity for the lease liability as of June 30, 2025 is as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 36,742	$ 1,658	$ 38,400
2027	18,964	236	19,200
Total future minimum lease payments	$ 55,706	$ 1,894	$ 57,600

(8) **Florida Retirement System:**

Plan Description and Administration

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

In addition, all regular employees of the School are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by $7.50. The minimum payment is $45 and the maximum payment is $225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

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

(8) **Florida Retirement System:** (Continued)

Benefits Provided and Employees Covered

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

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

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

Financial Statements

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

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

Contributions

The School participates in certain classes of FRS membership. Each class had descriptions and contribution rates in effect during the year ended June 30, 2025 as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2025	After June 30, 2025
Regular Class	13.63%	14.03%
DROP	21.13%	22.02%
Senior Management	34.52%	33.24%

(8) **Florida Retirement System:** (Continued)

Current-year employer HIS contributions were made at a rate of 2.0% of covered payroll, which are included in the above rates

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

School Contributions – FRS	$ 304,474
School Contributions – HIS	64,154
Employee Contributions – FRS	96,231

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

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

Plan	Net Pension Liability
FRS	$ 1,168,321
HIS	630,541
Total	$ 1,798,862

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the School's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2025 and June 30, 2024, the School's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2025	2024
FRS	.003020111%	.003098300%
HIS	.004203334%	.004326359%

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

FRS	$ 224,632
HIS	56,072
Total	$ 280,704

(8) **Florida Retirement System:** (Continued)

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

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

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 118,032	$ -	$ 6,088	$ (1,211)
Changes of assumptions	160,129	-	11,159	(74,648)
Net difference between projected and actual investment earnings	-	(77,653)	-	(228)
Change in proportionate share	84,687	(25,607)	30,194	(18,948)
Contributions subsequent to measurement date	175,737	-	37,327	-
Total	$ 538,585	$ (103,260)	$ 84,768	$ (95,035)

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

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

	FRS	HIS	Total
2026	$ 20,721	$ 739	$ 21,460
2027	215,355	(4,558)	210,797
2028	16,037	(16,577)	(540)
2029	(1,708)	(14,796)	(16,504)
2030	9,183	(9,601)	(418)
Thereafter	-	(2,801)	(2,801)
	$ 259,588	$ (47,594)	$ 211,994

(8) **Florida Retirement System:** (Continued)

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

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2014, through June 30, 2019. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate is consistent with the prior year rate, which was 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.65%. Mortality assumptions for both plans were based on the PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2023, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

(8) **Florida Retirement System:** (Continued)

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

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

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

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

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
FRS	6.70%	$ 2,055,036	$ 1,168,321	$ 425,509
HIS	3.93%	717,790	630,541	558,111

(9) **Long-Term Debt:**

Long-term liability activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental Activities:					
Note payable	$ 6,027,027	$ -	$ 70,317	$ 5,956,710	$ 71,119
Lease payable	90,924	-	35,218	55,706	36,742
Compensated absences	24,108	-	300	23,808	23,808
Total Governmental Activities:	$ 6,142,059	$ -	$ 105,835	$ 6,036,224	$ 131,669

(9) **Long-Term Debt:** (Continued)

Governmental Activities

Note Payable

9.50% note payable to bank payable in 308 monthly installments. Payments will be $51,914, including interest, for 308 scheduled payments. The loan is collateralized by the building.	$	5,956,710
Less: Current portion		71,119
Notes payable, less current portion	$	5,885,591

Future maturities of note payable are as follows:

	School Principal	Interest	Debt Service
2026	$ 71,119	$ 473,777	$ 544,896
2027	77,022	467,874	544,896
2028	83,415	461,481	544,896
2029	90,338	454,558	544,896
2030	97,836	447,060	544,896
2031-2035	625,334	2,099,146	2,724,480
2036-2040	931,651	1,792,829	2,724,480
2041-2045	1,388,017	1,336,463	2,724,480
2046-2050	2,067,931	656,549	2,724,480
2051	524,047	22,570	546,617
Total	$ 5,956,710	$ 8,212,307	$ 14,169,017

(10) **Restatement of Beginning Equity:**

During the year ended June 30, 2025, an error was discovered in the recording of prior year CARES fund balance. The impact of the restatement of beginning equities increased general fund balance by $57,475 and decreased Due to CARES fund. CARES fund balance decreased by $57,475, along with Due from general fund.

REQUIRED SUPPLEMENTARY INFORMATION

MADISON CREATIVE ARTS ACADEMY, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Intergovernmental				
Revenue from state sources	$ 3,229,428	$ 3,229,428	$ 3,106,909	$ (122,519)
Local	334,838	334,838	481,099	146,261
Interest income	25,000	25,000	25,386	386
Total revenues	3,589,266	3,589,266	3,613,394	24,128
Expenditures				
Instruction and instruction related services	2,024,207	2,118,978	2,026,959	92,019
Instructional media services	121,811	84,942	71,644	13,298
Instructional staff training services	7,500	10,436	10,436	-
Instruction-related Technology	62,733	65,164	61,238	3,926
Board	250	250	208	42
School administration	352,495	368,775	356,553	12,222
Fiscal services	68,500	69,174	65,163	4,011
Operations	849,404	944,453	338,978	605,475
Maintenance of plant	2,000	4,855	4,855	-
Pupil transportation services	233,000	233,000	232,638	362
Community service	25,350	25,685	18,850	6,835
Food services	131,571	135,411	113,365	22,046
Health services	52,086	55,225	52,025	3,200
Debt Service:				
Principal	-	-	70,317	(70,317)
Interest	-	-	512,163	(512,163)
Total expenditures	3,930,907	4,116,348	3,935,392	180,956
Change in fund balance	(341,641)	(527,082)	(321,998)	205,084
Other financing sources (uses)				
Transfers in	-	-	384,973	384,973
Total other financing sources	-	-	384,973	384,973
Net change in fund balances	(341,641)	(527,082)	62,975	590,057
Fund balances, beginning of year	1,765,026	1,765,026	1,765,026	-
Fund balances, end of year	$ 1,423,385	$ 1,237,944	$ 1,828,001	$ 590,057

The accompanying notes to required supplementary information is an integral part of this statement.

MADISON CREATIVE ARTS ACADEMY, INC.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

(1) Summary of Significant Accounting Policies:

The Statements of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual are presented using the School's budget format for all major governmental funds.

(2) Budgetary Basis of Accounting:

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the Board of Directors (the "Board"). The budget presented for fiscal year ended June 30, 2025, was amended.

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

MADISON CREATIVE ARTS ACADEMY, INC.
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LABILITY -
LAST 10 FISCAL YEARS AS OF JUNE 30

	2025	2024	2023	2022	2021	2020	2019	2018
Florida Retirement System (FRS)								
Proportion of the net pension liability (asset)	0.003020111%	0.003098300%	0.0029536727%	0.0029970100%	0.0024363963%	0.0022695506%	0.0022404340%	0.0015432191%
Proportionate share of the net pension liability (asset)	$ 1,168,321	$ 1,234,574	$ 1,099,004	$ 226,390	$ 1,055,970	$ 781,602	$ 674,830	$ 456,474
Covered-employee payroll	1,779,333	1,714,431	1,564,575	1,528,075	1,341,690	1,236,381	1,213,698	1,213,430
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	65.66%	72.01%	70.24%	14.82%	78.70%	63.22%	55.60%	37.62%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%
Health Insurance Subsidy Program (HIS)								
Proportion of the net pension liability (asset)	0.004203334%	0.004326359%	0.0042922853%	0.0043154138%	0.0038649765%	0.003696072%	0.003715154%	0.002547612%
Proportionate share of the net pension liability (asset)	$ 630,541	$ 687,083	$ 454,622	$ 529,350	$ 471,907	$ 413,553	$ 393,216	$ 272,402
Covered-employee payroll	1,779,333	1,714,431	1,564,575	1,528,075	1,341,690	1,236,381	1,213,698	1,231,430
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	35.44%	40.08%	29.06%	34.64%	35.17%	33.45%	32.40%	22.45%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%

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

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

MADISON CREATIVE ARTS ACADEMY, INC.
SCHEDULE OF CONTRIBUTIONS -
LAST 10 FISCAL YEARS AS OF JUNE 30

	2025	2024	2023	2022	2021	2020	2019	2018
Florida Retirement System (FRS)								
Contractually required contribution	$ 304,474	$ 281,581	$ 130,351	$ 114,173	$ 80,951	$ 70,372	$ 63,851	$ 75,351
Contributions in relation to the contractually required contribution	304,474	(281,581)	(130,351)	(114,173)	(80,951)	(70,372)	(63,851)	(75,351)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 3,207,705	$ 3,046,770	$ 1,596,473	$ 1,528,075	$ 1,341,690	$ 1,236,381	$ 1,213,698	$ 1,213,430
Contributions as a percentage of covered-employee payroll	9.49%	9.24%	8.16%	7.47%	6.03%	5.69%	5.26%	6.21%
Health Insurance Subsidy Program (HIS)								
Contractually required contribution	$ 64,154	$ 56,533	$ 26,501	$ 25,366	$ 22,272	$ 20,524	$ 20,147	$ 20,143
Contributions in relation to the contractually required contribution	(64,154)	(56,533)	(26,501)	(25,366)	(22,272)	(20,524)	(20,147)	(20,143)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 3,207,705	$ 3,046,770	$ 1,596,473	$ 1,528,075	$ 1,341,690	$ 1,236,381	$ 1,213,698	$ 1,213,430
Contributions as a percentage of covered-emloyee payroll	2.00%	1.86%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

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

The accompanying notes are an integral
part of this schedule.

JAMESMOORE

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

To the Board of Directors,
Madison Creative Arts Academy, Inc.:

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund and the aggregate remaining fund information of Madison Creative Arts Academy, Inc. as of and for the year ended June 30, 2025, and related notes to the financial statements, which collectively comprise Madison Creative Arts Academy, Inc.'s basic financial statements and have issued our report thereon dated September 16, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Madison Creative Arts Academy, Inc.'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 Madison Creative Arts Academy, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Madison Creative Arts Academy, Inc.'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 Madison Creative Arts Academy, Inc.'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 Madison Creative Arts Academy, Inc.'s financial statements are free of 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 did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

James Moore & Co., P.L.

Tallahassee, Florida
September 16, 2025

MANAGEMENT LETTER OF INDEPENDENT AUDITORS REQUIRED BY CHAPTER 10.850, RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL

To the Board of Directors,
Madison Creative Arts Academy, Inc.:

Report on the Financial Statements

We have audited the financial statements of Madison Creative Arts Academy, Inc., as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated September 16, 2025.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 16, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Madison Creative Arts Academy, Inc., 400122.

Financial Condition and Management

Sections 10.854(1)(e)2. And 10.855(11), Rules of the Auditor General, require that we report the results of our determination as to whether or not the Madison Creative Arts Academy, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Madison Creative Arts Academy, Inc. 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 Madison Creative Arts Academy, Inc. It is management's responsibility to monitor the Madison Creative Arts Academy, Inc.'s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter 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 that we apply appropriate procedures to determine whether the Madison Creative Arts Academy, Inc. maintains on its web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the Madison Creative Arts Academy, Inc. did maintain all of the required information on its website as specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, 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 which 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, Madison County District School Board, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Tallahassee, Florida
September 16, 2025