



**Pineapple Cove Classical Academy
at Lockmar, Inc.**

FINANCIAL STATEMENTS

June 30, 2025



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REPORT





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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Pineapple Cove Classical Academy at Lockmar, Inc.
Palm Bay, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Pineapple Cove Classical Academy at Lockmar, Inc. (the "School"), a charter school and component unit of the District School Board of Brevard County, Florida as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Pineapple Cove Classical Academy at Lockmar, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 35 through 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 August 29, 2025, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Tallahassee, FL
August 29, 2025



MANAGEMENT'S DISCUSSION AND ANALYSIS



Pineapple Cove Classical Academy at Lockmar, Inc. Management's Discussion and Analysis

The corporate officers of Pineapple Cove Classical Academy at Lockmar, Inc. have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2025.

Financial Highlights

1. The net position of the School at June 30, 2025 was a deficit of \$(3,909,303).
2. At June 30, 2025, the School had current assets on hand of \$1,447,296, including restricted cash of \$822,366.
3. The net position of the School decreased by \$(23,212) during the year ended June 30, 2025.
4. The unassigned fund balance at June 30, 2025 was \$45,778.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2025 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required 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, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between the four is reported as *net position*. Over time increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All changes in net position are reported when the underlying event occurs without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Fund Financial Statements

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements.

Pineapple Cove Classical Academy at Lockmar, Inc.
Management's Discussion and Analysis

Fund Financial Statements (continued)

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

The Board of the School adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for the major governmental funds.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

Notes to Financial Statements

The notes to the financial statements 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 on pages 16-34 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, the net position was a deficit of \$(3,909,303) at the close of the fiscal year. A summary of the School's net position as of June 30, 2025 and 2024 is as follows:

<i>June 30,</i>	2025	2024
Assets		
Cash	\$ 119,098	\$ 81,878
Cash, restricted	822,366	606,403
Prepaid expenses and other assets	59,550	38,598
Due from other agencies	446,282	136,876
Capital and right-of-use assets, net	17,245,511	17,792,342
Total assets	18,692,807	18,656,097
Liabilities		
Accounts payable and accrued liabilities	810,989	368,776
Accrued interest	40,856	41,858
Due to other schools	510,333	377,225
Notes payable	1,104,447	1,312,117
Lease liabilities	74,427	180,104
Bond payable	20,061,058	20,262,108
Total liabilities	22,602,110	22,542,188
Net position		
Net investment in capital assets	(2,889,974)	(2,649,870)
Restricted	822,366	606,403
Unrestricted	(1,841,695)	(1,842,624)
Total net position	\$ (3,909,303)	\$ (3,886,091)

**Pineapple Cove Classical Academy at Lockmar, Inc.
Management's Discussion and Analysis**

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2025 and 2024 is as follows:

<i>For the years ended June 30,</i>	2025	2024
Revenues		
Program revenues		
Operating grants and contributions	\$ 1,304,489	\$ 811,224
Capital grants and contributions	1,179,103	593,969
Charges for services	748,439	626,379
General revenues		
Local sources (FTE and other non-specific)	5,864,599	5,518,189
Other revenue	46,756	32,168
Total revenues	9,143,386	7,581,929
Expenses		
Instruction	4,051,871	3,498,469
Student support services	214,097	208,681
Instruction related technology	41,226	6,204
Board	687,395	638,310
School administration	632,985	821,769
Facilities acquisition	-	491,986
Food services	399,880	395,300
Operation of plant	1,535,453	847,865
Community services	536,647	446,940
Debt service	1,067,044	1,036,255
Total expenses	9,166,598	8,391,779
Change in net position	(23,212)	(809,850)
Net position at beginning of year	(3,886,091)	(3,076,241)
Net position at end of year	\$ (3,909,303)	\$ (3,886,091)

The School's revenues and expenses for the year ended June 30, 2025 increased by \$1,561,457 and \$774,819, respectively. The School had a deficit in its net position of \$(3,909,303) and \$(3,886,091) at June 30, 2025 and 2024, respectively.

Capital Improvement Requirements

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

**Pineapple Cove Classical Academy at Lockmar, Inc.
Management's Discussion and Analysis**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

Governmental Funds

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, the *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.

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$85,118. The unassigned fund balance is \$45,778. These funds will be available for the School's future ongoing operations.

Capital Assets

The School's investment in capital assets and right of use lease assets as of June 30, 2025 amounts to \$17,245,511 (net of accumulated depreciation and amortization). This investment in capital assets includes land, building, improvements, furniture, fixtures and equipment and right of use lease assets includes computer, playground and copier equipment. As of June 30, 2025, the School had long-term liabilities of \$20,135,485 associated to its capital assets and right-of-use assets.

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

	Balance, July 1, 2024	Additions	Deletions	Balance, June 30, 2025
Land, buildings and equipment	\$ 18,602,486	\$ 106,056	\$ -	\$ 18,708,542
Right-of-use assets	384,485	-	-	384,485
Subtotal	18,986,971	106,056	-	19,093,027
Accumulated depreciation	(987,690)	(546,111)	-	(1,533,801)
Accumulated amortization	(206,939)	(106,776)	-	(313,715)
Subtotal	(1,194,629)	(652,887)	-	(1,847,516)
Capital assets, net	\$ 17,792,342	\$ (546,831)	\$ -	\$ 17,245,511

**Pineapple Cove Classical Academy at Lockmar, Inc.
Management's Discussion and Analysis**

Long-term Debt

Long-term debt activity for the year ended June 30, 2025 follows:

	Balance, July 1, 2024	Additions	Deletions	Balance, June 30, 2025
Bonds payable, net	\$ 20,262,108	\$ -	\$ 201,050	\$ 20,061,058
Notes payable	1,312,117	-	207,670	1,104,447
Operating leases payable	180,104	-	105,677	74,427
Long-term debt	\$ 21,754,329	\$ -	\$ 514,397	\$ 21,239,932

Governmental Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the School adopted an annual budget for the year ended June 30, 2025. A budgetary comparison statement has been provided for the governmental funds.

<i>For the year ended June 30, 2025</i>	Governmental Funds		
	Original Budget	Final Budget	Actual
Revenues			
State passed through local	\$ 5,740,537	\$ 5,864,599	\$ 5,884,716
Local sources	1,655,889	2,007,061	2,007,061
Federal through state and local	189,970	210,828	455,058
Charges for services	480,714	539,894	728,220
Other revenue	70,000	159,080	68,331
Total revenues	8,137,110	8,781,462	9,143,386
Current expenditures			
Instruction	3,508,560	3,965,229	3,943,058
Student support services	252,047	259,584	214,097
Instruction related technology	41,230	48,113	41,226
Board	750,449	707,987	687,395
School administration	625,495	753,280	632,434
Food services	384,138	409,025	399,880
Operation of plant	687,501	961,956	1,002,004
Community services	256,649	324,999	526,573
Capital outlay	-	-	106,056
Debt service	1,473,635	1,336,148	1,581,441
Total current expenditures	7,979,704	8,766,321	9,134,164
Total revenues in excess of current expenditures	\$ 157,406	\$ 15,141	\$ 9,222

Pineapple Cove Classical Academy at Lockmar, Inc. Management's Discussion and Analysis

Requests for Information

This financial report is designed to provide a general overview of the Pineapple Cove Classical Academy at Lockmar, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, Pineapple Cove Classical, Inc., 6162 NW Minton Rd, Palm Bay, FL 32907.



BASIC FINANCIAL STATEMENTS



Pineapple Cove Classical Academy at Lockmar, Inc.
Statement of Net Position
June 30, 2025

<i>June 30, 2025</i>	Governmental Activities
Assets	
Current assets	
Cash	\$ 119,098
Cash and cash equivalents, restricted	822,366
Due from other agencies	446,282
Prepaid expenses and other current assets	59,550
Total current assets	1,447,296
Capital assets, net	
Capital assets, non-depreciable	905,012
Capital assets, depreciable	17,803,530
Less: accumulated depreciation	(1,533,801)
Right-of-use lease asset	384,485
Less: accumulated amortization	(313,715)
Total capital assets, net	17,245,511
Total assets	18,692,807
Deferred outflows of resources	
	-
Liabilities	
Current liabilities	
Salaries and wages payable	534,915
Accounts payable and accrued expenses	276,074
Accrued interest on bonds	40,856
Due to other schools	510,333
Note payable to management company, current	211,027
Note payable to other schools, current	74,842
Bond payable, current	290,000
Lease liabilities, current	36,989
Total current liabilities	1,975,036
Non-current liabilities	
Note payable to management company, less current portion	513,011
Note payable to other schools, less current portion	305,567
Bond payable, less current portion	19,771,058
Lease liabilities, less current portion	37,438
Total non-current liabilities	20,627,074
Total liabilities	22,602,110
Deferred inflows of resources	
	-
Net position	
Net investment in capital assets	(2,889,974)
Restricted by bonds for:	
Debt service and capital projects	822,366
Unrestricted (deficit)	(1,841,695)
Total net position	\$ (3,909,303)

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

Pineapple Cove Classical Academy at Lockmar, Inc.
Statement of Activities
Year ended June 30, 2025

Functions/programs	Program revenues				Net (expense) revenue and changes in net position
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	
Governmental activities:					
Instruction	\$ 4,051,871	\$ 311	\$ 315,495	-	\$ (3,736,065)
Student support services	214,097	-	-	-	(214,097)
Instruction related technology	41,226	-	-	-	(41,226)
Board	687,395	-	21,000	-	(666,395)
School administration	632,985	2,526	3,723	-	(626,736)
Food services	399,880	169,103	210,245	-	(20,532)
Operation of plant	1,535,453	-	752,670	1,179,103	396,320
Community services	536,647	576,499	1,356	-	41,208
Debt service	1,067,044	-	-	-	(1,067,044)
Total governmental activities	\$ 9,166,598	\$ 748,439	\$ 1,304,489	\$ 1,179,103	(5,934,567)
General revenues					
FTE and other nonspecific revenues					5,864,599
Other					46,756
Total general revenues					5,911,355
Change in net position					(23,212)
Net position at beginning of year					(3,886,091)
Net position at end of year					\$ (3,909,303)

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

Pineapple Cove Classical Academy at Lockmar, Inc.
Balance Sheet – Governmental Funds
June 30, 2025

<i>June 30, 2025</i>	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Funds	Total Governmental Funds
Assets					
Cash	\$ 119,098	\$ -	\$ -	\$ -	\$ 119,098
Cash and cash equivalents, restricted	-	822,366	-	-	822,366
Prepaid expenses and other current assets	59,550	-	-	-	59,550
Due from other agencies	446,282	-	-	-	446,282
Due from fund	781,510	-	-	-	781,510
Total assets	1,406,440	822,366	-	-	2,228,806
Deferred outflows of resources					
	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 1,406,440	\$ 822,366	\$ -	\$ -	\$ 2,228,806
Liabilities					
Salaries and wages payable	\$ 534,915	\$ -	\$ -	\$ -	\$ 534,915
Accounts payable and accrued expenses	276,074	-	-	-	276,074
Accrued interest on bonds	-	40,856	-	-	40,856
Due to other schools	510,333	-	-	-	510,333
Due to fund	-	781,510	-	-	781,510
Total liabilities	1,321,322	822,366	-	-	2,143,688
Deferred inflows of resources					
	-	-	-	-	-
Fund balance					
Nonspendable - prepaid expenses	39,340	-	-	-	39,340
Unassigned	45,778	-	-	-	45,778
Total fund balance	85,118	-	-	-	85,118
Total liabilities, deferred inflows of resources and fund balance	\$ 1,406,440	\$ 822,366	\$ -	\$ -	\$ 2,228,806

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

Pineapple Cove Classical Academy at Lockmar, Inc.
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
Year ended June 30, 2025

Total fund balance - governmental funds \$ 85,118

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

Depreciable and non-depreciable capital assets net of accumulated depreciation and amortization used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Capital assets, non-depreciable	905,012	
Capital assets, depreciable	17,803,530	
Less: accumulated depreciation	(1,533,801)	
Right-of-use asset	384,485	
Less: accumulated amortization	<u>(313,715)</u>	17,245,511

Long-term liabilities in governmental activities are not due and payable in the current period and therefore, are not reported in the governmental funds. (21,239,932)

Total net position - governmental funds \$ (3,909,303)

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

Pineapple Cove Classical Academy at Lockmar, Inc.
Statement of Revenues, Expenditures and Changes in Fund Balance –
Governmental Funds
Year ended June 30, 2025

<i>For the year ended June 30, 2025</i>	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Funds	Total Governmental Funds
Revenues					
State passed through local	\$ 5,884,716	\$ -	\$ -	\$ -	\$ 5,884,716
Local sources	707,186	-	-	1,299,875	2,007,061
Federal through state and local	244,813	-	210,245	-	455,058
Charges for services	559,117	-	169,103	-	728,220
Other	23,679	44,652	-	-	68,331
Total revenues	7,419,511	44,652	379,348	1,299,875	9,143,386
Expenditures					
Current					
Instruction	3,943,058	-	-	-	3,943,058
Student support services	214,097	-	-	-	214,097
Instruction related technology	41,226	-	-	-	41,226
Board	687,395	-	-	-	687,395
School administration	632,434	-	-	-	632,434
Food services	-	-	399,880	-	399,880
Operation of plant	1,002,004	-	-	-	1,002,004
Community services	526,573	-	-	-	526,573
Capital outlay					
Other capital outlay	-	-	-	106,056	106,056
Debt service					
Redemption of principal	-	523,347	-	-	523,347
Interest	-	1,058,094	-	-	1,058,094
Total expenditures	7,046,787	1,581,441	399,880	106,056	9,134,164
Excess (deficit) of revenues over expenses	372,724	(1,536,789)	(20,532)	1,193,819	9,222
Other financing sources (uses)					
Transfers in (out)	(363,502)	1,536,789	20,532	(1,193,819)	-
Total other financing sources (uses)	(363,502)	1,536,789	20,532	(1,193,819)	-
Net change in fund balance	9,222	-	-	-	9,222
Fund balance, beginning of year	75,896	-	-	-	75,896
Fund balance, end of year	\$ 85,118	\$ -	\$ -	\$ -	\$ 85,118

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

Pineapple Cove Classical Academy at Lockmar, Inc.
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of Governmental Funds to the Statement of Activities
Year ended June 30, 2025

Net change in fund balance - governmental funds	\$	9,222
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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 cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation and amortization expense and disposals.

Capital outlay	106,056	
Depreciation and amortization expense	<u>(652,887)</u>	(546,831)

Increase in long-term liabilities is revenue in the governmental funds, but a decrease or repayment of such payables reduces liabilities in the statement of net position.

Amortization of bond discounts	(8,950)	
Principal payments on long-term liabilities	<u>523,347</u>	<u>514,397</u>

Change in net position of governmental activities	\$	<u><u>(23,212)</u></u>
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The accompanying notes are an integral part of this financial statement.

Pineapple Cove Classical Academy at Lockmar, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Pineapple Cove Classical Academy at Lockmar, Inc., (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act organized on September 1, 2020. The governing body of the School is the not-for-profit corporation's Board of Directors, which is comprised of not less than three members. The board has determined that no component units exist that would require inclusion in the School's financial statements.

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 Brevard County School Board (the "District"). The current charter is effective until June 30, 2025 and may be renewed provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have been successfully accomplished. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the school is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown.

The School is located in Palm Bay, Florida for students from kindergarten through eighth grade. These financial statements are for the year ended June 30, 2025. The academic year ended June 30, 2025, was the third year of operations for the School, where approximately 719 students were enrolled for the year.

Basis of Presentation

The School's accounting policies conform to accounting principles generally accepted in the United States applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Accordingly, the basic financial statements include both the government-wide and fund financial statements.

Government-wide and Fund Financial Statements

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

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

Pineapple Cove Classical Academy at Lockmar, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements (continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Program revenues include: (1) charges for services, such as food service and student activity fees; (2) operating grants such as the National School Lunch Program, and other state allocations; and (3) capital grants and contributions specific to capital outlay. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues and other local and miscellaneous sources.

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

Fund Financial Statements

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

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

Debt Service Fund - to account for the resources accumulated and payments made for principal and interest on the revenue bonds.

Special Revenue Fund - accounts for specific revenues, such as federal funding and federal lunch program funding that are legally restricted to expenditures for particular purposes.

Capital Projects Fund – in accordance with guidelines established by the State of Florida, it is used to account for the resources restricted for the acquisition or construction of specific capital assets from the bond proceeds and for state and local capital outlay funding that are legally restricted to expenditures for particular purposes.

Pineapple Cove Classical Academy at Lockmar, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made.

Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g. salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g. instruction, pupil personnel services and school administration). Revisions to the annual budget are approved by the Board.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term liquid investments with maturities of three months or less at the date of acquisition.

The School has not adopted a formal deposit and investment policy that limits the School's allowable deposits or investments and address specific types of risk. Therefore, pursuant to Florida Statutes, the School is authorized to invest in the Florida PRIME investment pool, administered by the State Board of Administration (SBA); Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time

Pineapple Cove Classical Academy at Lockmar, Inc.
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents, and Investments (continued)

deposits and savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. Investments in money market mutual funds that have maturities of one year or less from the date of acquisition are reported at amortized cost that is equivalent to fair value.

The School's investments are set aside to make debt service payments, maintain sinking or reserve funds, and to purchase or construct capital assets and are classified as restricted. These investments are reported as restricted in the Debt Service Fund in the Balance Sheet - Governmental Funds.

The School follows the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, GASB Statement No. 72, Fair Value Measurement and Application, and other related standards which establish accounting and financial reporting standards for all investments (see Note 2).

Restricted Assets

Restricted assets include cash and cash equivalents that are related to the amounts that the School is required to segregate in connection with the issuance of bonds, including sinking fund, capital projects and reserve requirements, as well as amounts segregated for capital projects of the School. The Indenture of Trust requires the establishment of the Funds for the bonds and accounts within such funds, all of which shall be special trust funds and accounts held by Trustee.

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies relate to grants or programs for which the services have been provided by the School.

Prepaid Expenses

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

Pineapple Cove Classical Academy at Lockmar, Inc.
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with a cost of \$1,000 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the government wide statements. Proceeds received from the sale or disposal of capital assets are recorded as other financing sources in the governmental funds.

The right-of-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-of-use assets are amortized on a straight-line basis over the life of the related lease.

Estimated useful lives, in years, for capital assets are as follows:

Building and improvements	10 – 40 years
Furniture, fixtures, and equipment	5 years
Right-of-use asset	3 – 5 years

Interfund Transfers

Interfund receivables/payables are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund.

Long-Term Debt and Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond payable is reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

Pineapple Cove Classical Academy at Lockmar, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The School grants a specific number of paid days off per school year. Full time employees are eligible for ten paid days off. In the event that available time is not used by the end of the benefit year, employees may "rollover" a maximum of five unused days for use in future benefit years. There is no "cash out" value for unused days. There is no termination payment for accumulated unused days.

GASB Codification Section C60, Accounting for Compensated Absences, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated absences available to be used in future benefits years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and is not recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and is not recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Revenue Sources

Revenues for operations will be received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the FTE students and related data to the Florida Department of Education (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

Pineapple Cove Classical Academy at Lockmar, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources (continued)

equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for the debt service of school facilities. In addition, the School may receive a portion of the local capital improvement ad valorem tax revenues levied by the District.

Finally, the School also receives Federal awards for the enhancement of various educational programs. Federal awards are 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. Any excess amounts are recorded as deferred revenues until expended. Other revenues may also be derived from various fundraising activities and certain other programs.

Net Position and Fund Balance Classification

Government-wide financial statements

Equity is classified as net position and displayed in three components:

- a) *Net investment in capital assets* - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) *Restricted net position* - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- c) *Unrestricted net position* - all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for a specific purpose, it is the School's policy to use restricted resources first, until exhausted, before using unrestricted resources.

Pineapple Cove Classical Academy at Lockmar, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position and Fund Balance Classification (continued)

Fund financial statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASS requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- a) *Nonspendable* - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with prepaid expenses.
- b) *Restricted* - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Restricted balances at year-end pertain to bond issuance.
- c) *Committed* - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at period end.
- d) *Assigned* - fund balance classification that is intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at period end.
- e) *Unassigned* - portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Income Taxes

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related note to financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Pineapple Cove Classical Academy at Lockmar, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Leases

Lease contracts that provide the School with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

Recently Issued and Implemented Accounting Pronouncements

During the year ended June 30, 2025, the following pronouncements became effective:

- *GASB Statement No. 101 – Compensated Absences* – Introduces a unified model for recording liabilities for compensated absences and requires retroactive application.
- *GASB Statement No. 102 – Certain Risk Disclosures* – Requires disclosure of significant concentrations or constraints that create vulnerability to substantial risk.

Management implemented these pronouncements in the current year; however, there was no significant impact to the financial statements or related note disclosures.

Pineapple Cove Classical Academy at Lockmar, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not Yet Effective

GASB issued the following pronouncements which will become effective in future years:

- *GASB Statement No. 103 – Financial Reporting Model Improvements* – Enhances Management’s Discussion and Analysis for more meaningful commentary and removing boilerplate sections, disallows extraordinary items and replaces them with classifications of unusual and infrequent items, refines the presentation of proprietary fund statements, and requires clearer reporting of major component units, and redesigns budgetary comparison information.
- *GASB Statement No. 104 – Disclosure of Certain Capital Assets* – Requires separate note disclosures for specific capital asset categories such as leased assets, intangible right-to-use assets, subscription-based IT assets, and other intangible assets.

The School is currently evaluating the effect that implementation of the new standards will have on its financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 29, 2025, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 2: CASH AND RESTRICTED CASH

Deposits

Cash is made of deposits and cash on hand totaling \$123,628. The School has identified itself as a public entity. Therefore, the School's deposit must be placed with a financial institution designation by the Treasurer of the State of Florida as a "qualified public depository", as defined in Chapter 280, Florida Statutes. As of June 30, 2025, no amount of the School's cash balances held were exposed to custodial credit risk.

Restricted Cash

The School held restricted cash in the amount of \$822,366 that was reported as a cash equivalent for financial statement reporting purposes. The School follows the Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in markets for identical assets; Level 2 inputs are significant other observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.); Level 3 inputs are significant unobservable inputs.

Pineapple Cove Classical Academy at Lockmar, Inc.
Notes to Financial Statements

Note 2: CASH AND RESTRICTED CASH (Continued)

Restricted Cash (continued)

At June 30, 2025, the School had approximately \$47,131 invested in a money market mutual fund that is exempt from GASB 72 fair value hierarchy disclosures. The money market mutual fund values its portfolio securities at amortized cost which approximates fair value. The money market mutual fund primarily invests in cash, high quality, short-term U.S. government securities and/or repurchase agreements that are collateralized fully by government securities that have been valued by the fund as Level 2. As of June 30, 2025, maturities of the fund's portfolio holdings are all within 30 days.

Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. The School manages its exposure to credit risk by limiting investments to highly rated money market mutual funds. The fund is rated Aaa-mf by Moody's.

Custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty that is in possession of investment or collateral securities, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. At June 30, 2025, all of the School's investments in money market mutual funds were held in a separate account by the bond trustee and designated as assets of the School.

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The School manages its exposure to declines in fair values by limiting all investments to government money market mutual funds that can be redeemed daily.

Pineapple Cove Classical Academy at Lockmar, Inc.
Notes to Financial Statements

Note 3: CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2025:

	Balance, July 1, 2024	Additions	Deletions	Balance, June 30, 2025
Capital assets, non-depreciable				
Land	\$ 905,012	\$ -	\$ -	\$ 905,012
Capital assets, depreciable				
Building	17,217,813	-	-	17,217,813
Improvements	43,698	-	-	43,698
Furniture, fixtures and equipment	435,963	106,056	-	542,019
Total capital assets	18,602,486	106,056	-	18,708,542
Less accumulated depreciation				
Building	(803,353)	(445,497)	-	(1,248,850)
Improvements	(19,330)	(5,104)	-	(24,434)
Furniture, fixtures and equipment	(165,007)	(95,510)	-	(260,517)
Total accumulated depreciation	(987,690)	(546,111)	-	(1,533,801)
Total capital assets, net	17,614,796	(440,055)	-	17,174,741
Lease assets				
Right-of-use lease assets	384,485	-	-	384,485
Less accumulated amortization	(206,939)	(106,776)	-	(313,715)
Total lease assets, net	177,546	(106,776)	-	70,770
Total capital assets and lease assets, net	\$ 17,792,342	\$ (546,831)	\$ -	\$ 17,245,511

Pineapple Cove Classical Academy at Lockmar, Inc.
Notes to Financial Statements

Note 3: CAPITAL ASSETS (Continued)

For the year ended June 30, 2025, depreciation and amortization expense is allocated in the Statement of Activities by function as follows:

<i>For the year ended June 30, 2025</i>	Depreciation	Amortization
Facilities acquisition	\$ 10,074	\$ -
School administration	551	
Instruction	2,037	106,776
Operation of plan	533,449	-
Total depreciation and amortization expense	\$ 546,111	\$ 106,776

Note 4: MANAGEMENT AGREEMENT

The School entered into a management agreement on June 28, 2021, with Classical Education Management, L.L.C. to operate and manage the School. The management fee is \$686 per full-time equivalent (“FTE”) student enrolled at the School per year, payable monthly. Monthly installments are adjusted throughout the year as the Charter School’s FEFP are received from the Brevard County School District. The contract recognizes the importance of the employment of a Director of Operations.

The agreement shall be renewed along with any renewals to the charter agreement, unless terminated by either party not less than 180 days prior to the expiration of the Term. During the year ended June 30, 2025, the School incurred approximately \$577,223 in fees related to this agreement.

Management Agreement payments are subordinate to the bond agreement, if the payment would cause a failure of the School to satisfy the bond covenants (See Note 7).

During the period from inception to June 30, 2025, the school received advances from Classical Education Management, L.L.C. for working capital. During the year ended, the School converted all amounts due to Classical Management, L.L.C into a note payable. The amount due under the note payable to Classical Education Management, LLC totaled \$724,038. See additional disclosures related to long-term liabilities at Note 7.

Pineapple Cove Classical Academy at Lockmar, Inc.
Notes to Financial Statements

Note 5: TRANSACTIONS WITH SCHOOL DISTRICT AND OTHER RELATED SCHOOLS

Pineapple Cove Classical Academy at West Melbourne, Inc. and Pineapple Cove Classical Academy, Inc. have board members and the Manager in common. As of June 30, 2025, the School owed approximately \$230,864 and \$279,469 to Pineapple Cove Classical Academy at West Melbourne, Inc. and Pineapple Cove Classical Academy, Inc., respectively, for expenses paid on behalf of the School. At June 30, 2025, the School holds a note payable due to Pineapple Cove Classical Academy at West Melbourne, Inc. with an outstanding balance of \$380,409 at June 30, 2025. See Note 7 for further details.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee from the qualifying revenues of the School. For the year ended June 30, 2025, administrative fees withheld by the School District totaled \$92,372.

Note 6: INTERFUND TRANSFERS

Interfund transfers in governmental funds for the year ended June 30, 2025, consist of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
To transfer excess funds for debt service	\$ (1,536,789)	\$ -	\$ 1,536,789	\$ -
To fund lunch program expenditures	(20,532)	20,532	-	-
To transfer excess funds for capital outlay	1,193,819	-	-	(1,193,819)
Total transfers, net	\$ (363,502)	\$ 20,532	\$ 1,536,789	\$ (1,193,819)

Amounts due from (to) funds as of June 30, 2025, consist of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Due to general fund from debt service				
fund for excess debt proceeds	\$ 781,510	\$ -	\$ (781,510)	\$ -
Total due from (due to)	\$ 781,510	\$ -	\$ (781,510)	\$ -

Pineapple Cove Classical Academy at Lockmar, Inc. Notes to Financial Statements

Note 7: LONG-TERM LIABILITIES

Bonds Payable

Revenue Bonds Series 2021A and 2021B – On September 1, 2021, the School issued tax-exempt revenue bonds (Series 2021A) for \$20,105,000 and taxable revenue bonds (Series 2021B) for \$445,000 secured by a mortgage on the School’s property and facilities located at 720 Emerson Drive NE, Palm Bay, Florida. The bonds were issued to finance the acquisition of the property with four (4) existing buildings and modulars on-site, consisting of approximately 54,000 square feet and to finance the construction, improvement, installation, and equipment purchase of a new 30,000 square foot, two-story educational facility, additional parking and adjacent road improvements.

Series 2021A bonds are term bonds paying interest semi-annually at an interest rate of 4.875% with maturities starting on June 15, 2026 and ending June 15, 2056. Series 2021B bonds are term bonds paying interest semi-annually at a rate of 5.5% and principal payments semi-annually with maturities starting on June 15, 2025 and ending June 15, 2026.

As required by the bond resolution, the School has established a sinking fund, capital projects and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account.

As described in the Loan Agreement, the School must comply with certain debt covenants and maintain certain minimum requirements related to its debt service coverage ratio and days cash on hand. The minimum debt service coverage ratio is 1.1 to 1 (the “Debt Service Coverage Requirement”). Further, the School agrees to have cash on hand commencing on June 30, 2025 and each June 30 thereafter, until the bonds are no longer outstanding in an amount not less than 20 days of the cash on hand calculation. The level of cash on hand to be maintained increases over time. In addition, the Management Agreement payments are subordinate if the payment would cause a failure of the School to satisfy the cash on hand requirement or the debt service coverage ratio. As of June 30, 2025, the debt service coverage ratio was 1.29 and the cash on hand was 40.43 days.

In accordance with the Trust Indenture, the Beneficial Owners of a majority in aggregate principal amount of the bonds then outstanding may direct the School to promptly employ a management consultant to review and analyze the operations and administration of the School, and submit written reports to the School and Trustee, and make such recommendations as to the operations and administration of the School. Failure of the School to achieve the cash on hand and debt service coverage ratio requirements as set forth above shall not constitute an event of default under the Loan Agreement.

The School's revenues are pledged under this bond issuance up to the remaining balance as of June 30, 2025. In the event of default, the maturity date can be accelerated and/or the underlying collateral may be subject to foreclosure.

Pineapple Cove Classical Academy at Lockmar, Inc.
Notes to Financial Statements

Note 7: LONG-TERM LIABILITIES (Continued)

Bonds Payable (continued)

Annual requirements to amortize all bonded debt outstanding as of June 30, 2025, are as follows:

<i>For the years ending June 30,</i>	Principal	Interest	Total
2026	\$ 290,000	\$ 991,248	\$ 1,283,044
2027	300,000	975,572	1,277,438
2028	315,000	960,921	1,277,813
2029	330,000	945,473	1,277,813
2030-2034	1,900,000	4,468,949	6,383,850
2035-2039	2,410,000	3,955,728	6,377,083
2040-2044	3,055,000	3,304,201	6,379,663
2045-2049	3,880,000	2,477,567	6,381,250
2050-2054	4,920,000	1,429,291	6,377,483
2055-2056	2,940,000	211,636	4,447,538
Less: unamortized bond discount	(278,942)	-	(278,942)
Total	\$ 20,061,058	\$ 19,720,586	\$ 41,184,033

The following is a summary of changes in long-term liabilities:

	Balance, July 1, 2024	Additions	Deletions	Balance, June 30, 2025	Due in one year
Bond payable	\$ 20,550,000	\$ -	\$ (210,000)	\$ 20,340,000	\$ 290,000
Unamortized discount	(287,892)	-	8,950	(278,942)	-
Total long-term debt	\$ 20,262,108	\$ -	\$ (201,050)	\$ 20,061,058	\$ 290,000

Notes Payable

The School maintains notes payable with Classical Education Management, L.L.C. and Pineapple Cove Classical Academy at West Melbourne to assist with working capital.

The note payable with Classical Education Management, L.L.C. is unsecured and is subordinate to the bond agreement. The note payable bears interest at 4.25% and is payable monthly at \$20,000 through October 31, 2028.

The note payable with Pineapple Cove Classical Academy at West Melbourne is unsecured and is subordinate to the bond agreement. The note payable bears interest at 1.5% and is payable at \$6,602 through September 2029.

Pineapple Cove Classical Academy at Lockmar, Inc.
Notes to Financial Statements

Note 7: LONG-TERM LIABILITIES (Continued)

Notes Payable (continued)

Annual requirements to amortize all notes payable outstanding as of June 30, 2025, are as follows:

<i>For the years ending June 30,</i>	Classical Education Management, LLC Principal	Pineapple Cove Classical Academy at West Melbourne Principal	Total
2026	\$ 211,027	\$ 74,842	\$ 285,869
2027	220,173	75,973	296,146
2028	229,715	77,120	306,835
2029	63,123	78,285	141,408
2030	-	74,189	74,189
Total	\$ 724,038	\$ 380,409	\$ 1,104,447

The following is a summary of changes in notes payable:

	Balance, July 1, 2024	Additions	Deletions	Balance, June 30, 2025	Due in one year
Due to Classical Education Management, LLC	\$ 931,708	\$ -	\$ (207,670)	\$ 724,038	\$ 211,027
Due to Pineapple Cove Classical Academy at West Melbourne, LLC	380,409	-	-	380,409	74,842
Total long-term debt	\$ 1,312,117	\$ -	\$ (207,670)	\$ 1,104,447	\$ 285,869

Lease Liabilities

The School held or entered into leases for various computer equipment, playground equipment and copiers for use in classrooms. The leases are noncancellable, with original lease terms ranging from thirty-three to sixty-three months. The leases have nonrenewal clauses and computers, playground equipment and copiers revert to the lessor at the end of the lease. The implicit interest rates on the leases range from 1.65% to 13.719% which was used to discount the annual lease payments to recognize the right-of-use assets and operating lease liabilities. For the year ended June 30, 2025, variable lease payments were insignificant and interest expense totaled \$8,142.

Pineapple Cove Classical Academy at Lockmar, Inc.
Notes to Financial Statements

Note 7: LONG-TERM LIABILITIES (Continued)

Lease Liabilities (continued)

Annual requirements to amortize the lease liability and related interest are as follows:

<i>For the years ending June 30,</i>	Principal	Interest	Total
2026	\$ 36,989	\$ 4,494	\$ 41,483
2027	37,438	1,111	38,549
Total	\$ 74,427	\$ 5,605	\$ 80,032

Changes in operating lease liabilities during the year are as follows:

	Balance, July 1, 2024	Additions	Deletions	Balance, June 30, 2025	Due in one year
Copiers	\$ 39,390	\$ -	\$ (12,915)	\$ 26,475	\$ 13,347
Computers	68,953	-	(68,953)	-	-
Playground	71,761	-	(23,809)	47,952	23,642
Total long-term debt	\$ 180,104	\$ -	\$ (105,677)	\$ 74,427	\$ 36,989

Note 8: CONTINGENCIES AND CONCENTRATIONS

The School receives substantially all of its funding from the State through the District under the FEFP, which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School participates in a number of federal, state and local grants which are subject to financial and compliance audits.

It is the opinion of management that the amount of revenue, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

Pineapple Cove Classical Academy at Lockmar, Inc. Notes to Financial Statements

Note 9: RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; administrative errors and omissions; personal injury; workers compensation and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in any of the past three fiscal years. In addition, there were no reductions in insurance coverage from those in the prior year.

The School has entered into a strategic relationship with Paychex Business Solutions, LLC, a human resource management firm, typically known as "Professional Employer Organization" (PEO). Under a co-employment agreement, the PEO is the employer of record and is responsible for administering payroll, payroll taxes, provide employee benefits and assist with human resource management. Accordingly, certain human resource related risks are transferred to the PEO. Nevertheless, the School may be subject to risks, including loss, penalties and fines related to employment practices, administrative error and omissions. Subsequent to June 30, 2025, management terminated its relationship with Paychex Business Solutions, LLC and contracted with MP-HR, a non-PEO human resource and payroll company.

Note 10: DEFINED CONTRIBUTION RETIREMENT PLAN

The School's personnel, which are leased through Paychex Business Solutions, LLC, are eligible to participate in a defined contribution 401(k) sponsored by leasing company, covering employees who meet certain age and tenure requirements. Under the Paychex Retirement Services Plan (the "Plan"), the School matches 100% of the employee's contribution up to 3% of the employee's compensation. The School contributed to the Plan \$86,515 for the year ended June 30, 2025. The School does not exercise any control or fiduciary responsibility over the Plans' assets, which are administered by Mid-Atlantic Trust Company. Subsequent to June 30, 2025, management merged the existing plan into the Secure Horizons 401(k) Plan which is administered by Pentegra Services, Inc. There were no significant changes in the eligibility or contribution requirements as a result of the merger.



REQUIRED SUPPLEMENTARY INFORMATION



Pineapple Cove Classical Academy at Lockmar, Inc.
Budgetary Comparison Schedule – General Fund

<i>For the year ended June 30, 2025</i>	General Fund		
	Original Budget	Final Budget	Actual
Revenues			
State passed through local	\$ 5,736,867	\$ 5,868,269	\$ 5,884,716
Local sources	582,062	703,080	707,186
Federal through state and local	-	-	244,813
Charges for services	373,550	602,394	559,117
Other	10,000	10,000	23,679
Total revenues	6,702,479	7,183,743	7,419,511
Expenditures			
Current			
Instruction	3,508,560	3,965,229	3,943,058
Student support services	252,047	259,584	214,097
Instruction related technology	41,230	48,113	41,226
Board	750,449	707,987	687,395
School administration	625,495	753,280	632,434
Operation of plant	687,501	961,956	1,002,004
Community services	256,649	324,999	526,573
Total current expenditures	6,121,931	7,021,148	7,046,787
Excess of revenues over current expenditures	580,548	162,595	372,724
Other financing sources (uses)			
Transfers in (out)	(192,855)	(54,654)	(363,502)
Total other financing sources (uses)	(192,855)	(54,654)	(363,502)
Net change in fund balance	387,693	107,941	9,222
Fund balance at beginning of year	75,896	75,896	75,896
Fund balance at end of year	\$ 463,589	\$ 183,837	\$ 85,118

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

**Pineapple Cove Classical Academy at Lockmar, Inc.
Budgetary Comparison Schedule – Special Revenue Fund**

<i>For the year ended June 30, 2025</i>	Special Revenue Fund		
	Original Budget	Final Budget	Actual
Revenues			
Federal through state and local	\$ 189,970	\$ 207,158	\$ 210,245
Charges for services	107,164	171,175	169,103
Total revenues	297,134	378,333	379,348
Expenditures			
Current			
Food services	384,138	409,025	399,880
Total current expenditures	384,138	409,025	399,880
Excess of revenues over current expenditures	(87,004)	(30,692)	(20,532)
Other financing sources (uses)			
Transfers in (out)	87,004	30,692	20,532
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.



OTHER REPORT





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**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***

Board of Directors of
Pineapple Cove Classical Academy at Lockmar, Inc.
Palm Bay, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Pineapple Cove Classical Academy at Lockmar, Inc. (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 August 29, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that were reported in a separate management letter pursuant to Chapter 10.850, Rules of the Auditor General dated August 29, 2025.

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.

Carr, Rigg & Ingram, L.L.C.

Tallahassee, Florida
August 29, 2025



MANAGEMENT LETTER AND INTERNAL CONTROL RECOMMENDATIONS



Management Letter as Required by Section 218.39(4) Florida Statutes

To the Board of Directors of
Pineapple Cove Classical Academy at Lockmar, Inc.
Palm Bay, Florida

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Pineapple Cove Classical Academy at Lockmar, Inc., Palm Bay, Florida, as of and for the year ended June 30, 2025 and have issued our report thereon dated August 29, 2025.

AUDITOR'S RESPONSIBILITY

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

OTHER REPORTING REQUIREMENTS

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedules, which are dated August 29, 2025, should be considered in conjunction with this management letter.

PRIOR AUDIT FINDINGS

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding 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 school code assigned by the Florida Department of Education of the entity is Pineapple Cove Classical Academy at Lockmar, Inc., 05-6529.

Management Letter as Required by Section 218.39(4) Florida Statutes

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 Pineapple Cove Classical Academy at Lockmar, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that Pineapple Cove Classical Academy at Lockmar, 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 Pineapple Cove Classical Academy at Lockmar, Inc. It is management's responsibility to monitor Pineapple Cove Classical Academy at Lockmar, 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 communicate any recommendation 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 report the results of our determination as to whether Pineapple Cove Classical Academy at Lockmar, 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 Pineapple Cove Classical Academy at Lockmar, Inc. maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

ADDITIONAL MATTERS

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or 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 do not have 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 Florida House of Representatives, the Florida Auditor General, the District School Board of Brevard County, Federal and other granting agencies, 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.

Carr, Rigg & Ingram, L.L.C.

Tallahassee, Florida
August 29, 2025



REQUIRED COMMUNICATIONS



Required Communications

As discussed with the Board of Directors and management during our planning process, our audit plan represented an approach responsive to the assessment of risk for the School. Specifically, we planned and performed our audit to:

- Perform audit services, as requested by the Board of Directors, in accordance with auditing standards generally accepted in the United States of America, in order to express an opinion on the School's financial statements for the year ended June 30, 2025;
- Communicate directly with the Board of Directors and management regarding the results of our procedures;
- Address with the Board of Directors and management any accounting and financial reporting issues;
- Anticipate and respond to concerns of the Board of Directors and management; and
- Other audit-related projects as they arise and upon request.

Required Communications

We have audited the financial statements of Pineapple Cove Classical Academy at Lockmar, Inc. for the year ended June 30, 2025 and have issued our report thereon dated August 29, 2025. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Auditor's responsibility under Government Auditing Standards</p>	<p>As stated in our engagement letter dated March 24, 2025, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.</p> <p>As part of our audit, we considered the internal control of the School. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.</p>
<p>Client's responsibility</p>	<p>Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of activities, functional expenses and cash flows in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud.</p> <p>Management is responsible for overseeing nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.</p>
<p>Planned scope and timing of the audit</p>	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
<p>Management judgments and accounting estimates <i>The process used by management in forming particularly sensitive accounting estimates and the basis for the auditor's conclusion regarding the reasonableness of those estimates.</i></p>	<p>Please see the following section titled "Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality."</p>
<p>Potential effect on the financial statements of any significant risks and exposures <i>Major risks and exposures facing the School and how they are disclosed.</i></p>	<p>No such risks or exposures were noted.</p>

Required Communications

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditor's judgment about the quality of accounting principles</p>	<p>The significant accounting policies used by the School are described in Note 1 to the financial statements. No new significant accounting policies were adopted during the fiscal year.</p> <p>We noted no transactions entered into by the School during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p> <p>Further, the disclosures in the School's financial statements are neutral, consistent, and clear.</p>
<p>Required Supplementary Information <i>The auditor's responsibility for required supplementary information accompanying the financial statements, as well as any procedures performed and the results.</i></p>	<p>We applied certain limited procedures to the required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.</p>
<p>Significant difficulties encountered in the audit <i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i></p>	<p>We encountered no significant difficulties in dealing with management in performing and completing our audit.</p>
<p>Disagreements with management <i>Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or auditor's report. This does not include those that came about based on incomplete facts or preliminary information.</i></p>	<p>We are pleased to report that no such disagreements arose during the course of our audit.</p>
<p>Other findings or issues <i>Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.</i></p>	<p>None noted.</p>

Required Communications

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Matters arising from the audit that were discussed with, or the subject of correspondence with, management <i>Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i></p>	None noted.
<p>Corrected and uncorrected misstatements <i>All significant audit adjustments arising from the audit, whether or not recorded by the School, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the Board about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any internal control deficiencies that could have prevented the misstatements.</i></p>	See "Summary of Audit Adjustments" section.
<p>Major issues discussed with management prior to retention <i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i></p>	Discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
<p>Consultations with other accountants <i>When management has consulted with other accountants about significant accounting or auditing matters.</i></p>	To our knowledge, there were no such consultations with other accountants.
<p>Written representations <i>A description of the written representations the auditor requested (or a copy of the representation letter).</i></p>	See "Management Representation Letter" section.
<p>Internal control deficiencies <i>Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditor's attention during the audit.</i></p>	See "Internal Control Findings" section.
<p>Fraud and illegal acts <i>Fraud involving the School's management, or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditor's attention involving the School's management and any other illegal acts, unless clearly inconsequential.</i></p>	During the year ended June 30, 2025, management identified a check washing scheme that resulted in theft of approximately \$7,000 originating from an external party. The bank reimbursed the School resulting in no loss. Management took corrective action by changing bank accounts.

Required Communications

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Other information in documents containing audited financial statements <i>The external auditor's responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</i></p>	<p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:</p> <ul style="list-style-type: none"> • Such information is materially inconsistent with the financial statements; and • We believe such information represents a material misstatement of fact. <p>We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.</p>
<p>Significant unusual accounting transactions <i>Auditor communication with governance to include auditor's views on policies and practices management used, as well as the auditor's understanding of the business purpose.</i></p>	<p>No significant unusual accounting transactions were noted during the year.</p>

Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality

We are required to communicate our judgments about the quality, not just the acceptability, of the School's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. The Board may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATES	AUDITOR'S CONCLUSIONS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Capital Assets	Capital assets are depreciated based on the School's estimate of their useful lives.	X	The School uses useful lives as suggested by applicable standards and guides for equipment, property and other capital assets.	The School's policies are in accordance with all applicable accounting guidelines.
Leases	Lease assets and liabilities are recorded based on the discounted value of cash flows required by the underlying lease agreement.	X	The School used either the implicit rate within the lease or its risk free borrowing rate to discount cash flows.	The School's policies are in accordance with all applicable guidelines.

Summary of Audit Adjustments

During the course of our audit, we accumulate differences between amounts recorded by the School and amounts that we believe are required to be recorded under GAAP. Those adjustments are either recorded (corrected) by the School or passed (uncorrected).

Adjustments recorded by the School are included in the attached schedule.

QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the School's operating environment that has been identified as playing a significant role in the School's operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has the effect of increasing management's compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.

Summary of Audit Adjustments

ADJUSTING JOURNAL ENTRIES

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To record prepaid liability insurance at year-end			
100-1230-0000	Prepaid Expenses	4,370	
100-1010-0000	Cash in Bank - Operating		4,370
Total		<u>4,370</u>	<u>4,370</u>
Adjusting Journal Entries JE # 2			
To record increased depreciation for a full year of deprecuable service, which was originally recorded at a partial year.			
100-7900-7800	Depreciation	16,298	
100-1315-0000	A/D-Building and fixed equipment		16,298
Total		<u>16,298</u>	<u>16,298</u>
Adjusting Journal Entries JE # 3			
Reclass current portion of bonds payable			
200-2320-0000	Bond Payable	290,000	
200-2250-0000	Bonds payable due in one year		290,000
Total		<u>290,000</u>	<u>290,000</u>
Adjusting Journal Entries JE # 4			
To record equity and CEM and WM payables.			
100-2790-0000	Unrestricted Net Assets	1,312,117	
200-2400-0000	Note payable CEM	207,670	
200-2400-0000	Note payable CEM	8,765	
200-2500-0000	Note payable WM	20,409	
200-2400-0000	Note payable CEM		729,446
200-2425-0000	Current-Note payable CEM		202,262
200-2425-0000	Current-Note payable CEM		8,765
200-2500-0000	Note payable WM		325,976
200-2525-0000	Current-Note payable WM		54,433
200-2525-0000	Current-Note payable WM		20,409
200-9200-7250	Principal CEM Loan		207,670
Total		<u>1,548,961</u>	<u>1,548,961</u>
Adjusting Journal Entries JE # 5			
To record the district admin fee at gross.			
100-7100-7900	District Admin Fee	92,372	
100-3310-0000	FEFP - Brevard Cty Sch District		92,372
Total		<u>92,372</u>	<u>92,372</u>
Adjusting Journal Entries JE # 6			
Increase the amount of admin fees due to CEM (10% of FEFP).			
100-7100-3100	Contracted Services	36,515	
100-2120-0000	Accounts Payable		36,515
Total		<u>36,515</u>	<u>36,515</u>
Adjusting Journal Entries JE # 7			
To reduce misc revenue and payroll for duplicated check in December 2024			
100-3495-0000	Misc Local Revenue	203,711	
100-7300-1100	Adminstrator		203,711
Total		<u>203,711</u>	<u>203,711</u>

Summary of Audit Adjustments

ADJUSTING JOURNAL ENTRIES (Continued)

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 8			
Moved to new payroll company, and there was a fee charged. School is disputing the charge and expects to be reimbursed.			
100-1150-000	Accounts Receivable	35,603	
100-7300-7300	Dues and Fees		35,603
Total		<u>35,603</u>	<u>35,603</u>
Adjusting Journal Entries JE # 9			
Reclassification of deposit for playground shade system.			
100-1230-0000	Prepaid Expenses	20,210	
100-7600-6400	Capitalized Furniture		1,250
100-7900-6400	Capitalized Furniture		16,460
100-9900-6400	Capitalized Furniture		2,500
Total		<u>20,210</u>	<u>20,210</u>
Adjusting Journal Entries JE # 10			
To correct accrued salaries.			
100-5100-1200	Classroom Teachers	1,915	
100-5100-2200	Social Security	17,767	
100-5140-2200	Social Security	147	
100-5200-1200	Classroom Teachers	27,537	
100-5200-2200	Social Security	2,524	
100-6100-1300	Other Certified Personnel	309	
100-6100-2200	Social Security	415	
100-7300-1100	Adminstrator	38,009	
100-7300-2200	Social Security	3,220	
100-7900-1600	Other Support Personnel	9,906	
100-7900-2200	Social Security	1,010	
100-9100-1600	Other Support Personnel	13,218	
100-9100-2200	Social Security	1,031	
410-7600-1600	Other Support Personnel	9,329	
410-7600-2200	Social Security	766	
100-2100-0000	Accrued Salaries and Benefits		57,805
100-5100-1200	Classroom Teachers		69,298
Total		<u>127,103</u>	<u>127,103</u>
Adjusting Journal Entries JE # 11			
To adjust due to/from John Moran			
100-2212-0000	Due to John Moran	4,125	
100-7900-5100	Supplies and Materials	6,752	
100-2212-0000	Due to John Moran		6,752
100-9100-1600	Other Support Personnel		4,125
Total		<u>10,877</u>	<u>10,877</u>

Management Representation Letter



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Palm Bay, FL 32907
(321) 392-5533

www.pineapplecoveclassicalacademy.com

August 29, 2025

Mrs. Paris Koblitz, Principal

Carr, Riggs and Ingram, L.L.C.
2633 Centennial Boulevard – Suite – 200
Tallahassee, FL 32308

This representation letter is provided in connection with your audit of the financial statements of Pineapple Cove Classical Academy, Inc. - Lockmar, which comprise the respective financial position of the governmental activities and each major fund as of June 30, 2025, and the respective changes in financial position for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 24, 2025, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.



Management Representation Letter

- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Pineapple Cove Classical Academy, Inc. - Lockmar is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Pineapple Cove Classical Academy, Inc. - Lockmar from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Pineapple Cove Classical Academy, Inc. Lockmar and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Pineapple Cove Classical Academy, Inc. - Lockmar's financial statements communicated by employees, former employees, regulators, or others, other than the check washing scheme which was identified and resulted in a loss of approximately \$7,000.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements other than non-compliance with the debt service coverage ratio associated with the Loan Agreement.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the names of the Pineapple Cove Classical Academy, Inc. - Lockmar's related parties and all the related party relationships and transactions, including any side agreements.

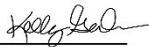
Government-specific

Management Representation Letter

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have taken timely and appropriate steps to remedy identified and suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us.
- 21) We have a process to track the status of audit findings and recommendations.
- 22) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 23) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 24) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 25) The Pineapple Cove Classical Academy, Inc. - Lockmar has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 26) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 27) We have appropriately identified, recorded, and disclosed all leases in accordance with [GASB Statement \(GASBS\) No. 87](#).
- 28) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30) As part of your audit, you assisted with preparation of the financial statements, disclosures and supplementary information. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements, disclosures and supplementary information.
- 31) The Pineapple Cove Classical Academy, Inc. - Lockmar has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets; however, all capital assets have been pledged as collateral under the loan agreement of the Revenue Bonds outstanding at June 30, 2025.
- 32) The Pineapple Cove Classical Academy, Inc. - Lockmar has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance other than non-compliance with certain bond covenants.
- 33) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 34) The financial statements include all fiduciary activities required by [GASBS No. 84](#), as amended.
- 35) The financial statements properly classify all funds and activities in accordance with [GASBS No. 34](#), as amended.

Management Representation Letter

- 36) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 37) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 38) Provisions for uncollectible receivables have been properly identified and recorded.
- 39) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 40) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 41) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 42) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
- 43) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 44) We have appropriately disclosed the Pineapple Cove Classical Academy, Inc. - Lockmar's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 45) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 46) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: 
Title: Director of School Operations

Signature: Allison Becka
Title: Accountant