

# **Step Up For Students- Florida, Inc. and Subsidiaries**

Consolidated Financial Report  
June 30, 2024

## Contents

---

Independent auditor's report	1-3
<hr/>	
Financial statements	
Consolidated statement of financial position	4
Consolidated statement of activities	5
Consolidated statement of functional expenses	6-7
Consolidated statement of cash flows	8
Notes to consolidated financial statements	9-21
Supplementary information	
Consolidating statement of financial position	22
Consolidating statement of activities	23
Schedule of expenditures of state financial assistance	24
Notes to schedule of expenditures of state financial assistance	25
<hr/>	
Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	26-27
<hr/>	
Independent auditor's report on compliance for its major state financial assistance project and report on internal control over compliance required by the State of Florida Chapter 10.650, <i>Rules of the Auditor General</i>	28-30
<hr/>	
Schedule of findings and questioned costs	31
<hr/>	

## Independent Auditor's Report

Board of Directors  
Step Up For Students-Florida, Inc.

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the consolidated financial statements of Step Up for Students-Florida, Inc. and its subsidiaries (the Organization), which comprise the consolidated statement of financial position as of June 30, 2024, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 opinion.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### ***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 opinion. 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 GAAS 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 GAAS 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 Organization'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 Organization'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.

### **Report on Summarized Comparative Information**

We have previously audited the Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 7, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying consolidating statement of financial position, consolidating statement of activities, and the schedule of expenditures of state financial assistance, as required by the State of Florida Chapter 10.650, *Rules of the Auditor General*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*RSM US LLP*

Orlando, Florida  
January 6, 2025

## Step Up For Students-Florida, Inc. and Subsidiaries

### Consolidated Statement of Financial Position

June 30, 2024

(With Summarized Comparative Information as of June 30, 2023)

	2024	2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 221,471,873	\$ 612,225,605
Pledges receivable, less allowance for uncollectible pledges of \$20,000,000 and \$22,000,000 in 2024 and 2023, respectively	561,494,599	553,897,108
Other receivables, less allowance for uncollectible accounts of \$1,307,466 and \$936,707 in 2024 and 2023, respectively	10,070,375	6,427,241
Prepaid expenses and other assets	1,164,146	1,215,071
Cash and cash equivalents restricted for FTC PEP and FTC ESA	113,096,606	-
Funds held in trust for students	562,034,175	332,647,878
<b>Total current assets</b>	<b>1,469,331,774</b>	<b>1,506,412,903</b>
Restricted certificate of deposit	116,000	116,000
Right-of-use lease assets	1,175,682	1,682,270
Property and equipment, net	25,774,759	14,277,664
<b>Total assets</b>	<b>\$ 1,496,398,215</b>	<b>\$ 1,522,488,837</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 19,016,078	\$ 51,346,658
Accrued expenses	3,829,289	5,208,250
Scholarships payable - FTC PEP and FTC ESA	113,096,606	-
Funds held in trust for students liability	562,034,175	332,647,878
Current portion of right-of-use lease liabilities	519,330	503,804
<b>Total current liabilities</b>	<b>698,495,478</b>	<b>389,706,590</b>
Right-of-use lease liabilities, net of current portion	698,182	1,217,512
<b>Total liabilities</b>	<b>699,193,660</b>	<b>390,924,102</b>
Net assets:		
Without donor restrictions	38,129,055	27,354,582
With donor restrictions	759,075,500	1,104,210,153
<b>Total net assets</b>	<b>797,204,555</b>	<b>1,131,564,735</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,496,398,215</b>	<b>\$ 1,522,488,837</b>

See notes to consolidated financial statements.

## Step Up For Students-Florida, Inc. and Subsidiaries

### Consolidated Statement of Activities

Year Ended June 30, 2024

(With Summarized Comparative Information for the Year Ended June 30, 2023)

	2024			Total 2023
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues and support:				
Contributions and grants:				
Florida Tax Credit Scholarship Program	\$ 82,563,619	\$ 720,533,714	\$ 803,097,333	\$ 816,147,482
Hope Scholarship Program	10,652,175	67,474,683	78,126,858	79,754,702
Grants and other contributions	403,700	-	403,700	537,022
Other revenue and interest income	330,319	22,736,909	23,067,228	16,640,431
Scholarship service contract revenue	2,023,330	-	2,023,330	1,086,504
Net assets released from restrictions	1,155,879,959	(1,155,879,959)	-	-
<b>Total revenues and support</b>	<b>1,251,853,102</b>	<b>(345,134,653)</b>	<b>906,718,449</b>	<b>914,166,141</b>
Expenses:				
Program services:				
Florida Tax Credit Scholarship Program	1,177,598,200	-	1,177,598,200	717,171,898
Family Empowerment Scholarship Program	31,043,022	-	31,043,022	15,812,721
Hope Scholarship Program	7,034,780	-	7,034,780	6,134,780
Policy, Strategic Communications, Legislative Affairs and Advocacy	3,019,146	-	3,019,146	5,547,724
New Worlds Scholarship Accounts Program	1,780,426	-	1,780,426	928,631
Scholarship Service Contract	968,140	-	968,140	597,628
<b>Total program services</b>	<b>1,221,443,714</b>	<b>-</b>	<b>1,221,443,714</b>	<b>746,193,382</b>
Supporting services:				
General and administrative	17,587,936	-	17,587,936	10,232,054
Development and fundraising	2,046,979	-	2,046,979	1,821,891
<b>Total supporting services</b>	<b>19,634,915</b>	<b>-</b>	<b>19,634,915</b>	<b>12,053,945</b>
<b>Total expenses</b>	<b>1,241,078,629</b>	<b>-</b>	<b>1,241,078,629</b>	<b>758,247,327</b>
<b>Change in net assets</b>	<b>10,774,473</b>	<b>(345,134,653)</b>	<b>(334,360,180)</b>	<b>155,918,814</b>
Net assets:				
Beginning	27,354,582	1,104,210,153	1,131,564,735	975,645,921
Ending	\$ 38,129,055	\$ 759,075,500	\$ 797,204,555	\$ 1,131,564,735

See notes to consolidated financial statements.

**Step Up For Students-Florida, Inc. and Subsidiaries**

**Consolidated Statement of Functional Expenses**

**Year Ended June 30, 2024**

**(With Summarized Comparative Information for the Year Ended June 30, 2023)**

	2024						Total Program Services
	Florida Tax Credit Scholarship Program	Family Empowerment Scholarship Program	Hope Scholarship Program	Program Services Policy, Strategic Communications, Legislative Affairs and Advocacy	New Worlds Scholarship Accounts Program	Scholarship Service Contract	
Scholarships and grants	\$ 1,149,326,299	\$ -	\$ 6,267,023	\$ -	\$ -	\$ -	\$ 1,155,593,322
Contract services	8,655,701	17,077,364	245,621	480,621	639,317	712,157	27,810,781
Salaries and wages	8,023,655	7,920,487	282,725	1,480,998	580,458	120,604	18,408,927
Payroll taxes and employee benefits	1,860,463	1,758,049	54,767	361,855	143,676	26,744	4,205,554
Software licenses, fees and subscriptions	2,415,324	895,847	43,824	151,761	92,091	-	3,598,847
Depreciation	2,865,212	1,013,318	55,093	-	118,057	-	4,051,680
Repairs and maintenance	1,831,656	624,911	33,976	-	72,805	101,146	2,664,494
Recruiting and advertising	578,051	901,231	3,642	441,238	74,861	(446)	1,998,577
Other costs	744,241	220,712	2,704	16,111	8,411	4,982	997,161
Professional fees	5,651	2,272	101	-	250	-	8,274
Rent	436,616	113,175	6,153	-	13,185	-	569,129
Travel, lodging and meals	112,801	84,630	1,411	45,957	5,139	-	249,938
Bank charges and fees	234,079	218,832	22,647	-	10,004	-	485,562
Insurance	344,901	117,671	6,398	-	13,709	-	482,679
Provision for doubtful accounts	(7,730)	-	-	-	-	-	(7,730)
Printing and postage	49,333	43,426	3,355	29,157	3,026	-	128,297
Telephone	79,476	31,852	1,426	8	3,510	2,953	119,225
Office expenses	42,471	19,245	3,914	11,440	1,927	-	78,997
<b>Total</b>	<b>\$ 1,177,598,200</b>	<b>\$ 31,043,022</b>	<b>\$ 7,034,780</b>	<b>\$ 3,019,146</b>	<b>\$ 1,780,426</b>	<b>\$ 968,140</b>	<b>\$ 1,221,443,714</b>

(Continued)



**Step Up For Students-Florida, Inc. and Subsidiaries**

**Consolidated Statement of Functional Expenses (Continued)**

**Year Ended June 30, 2024**

**(With Summarized Comparative Information for the Year Ended June 30, 2023)**

	2024				Total 2023 Expenses
	Supporting Services			Total Expenses	
	General and Administrative	Development and Fundraising	Total Supporting Services		
Scholarships and grants	\$ -	\$ -	\$ -	\$ 1,155,593,322	\$ 701,246,384
Contract services	2,577,117	202,471	2,779,588	30,590,369	8,601,861
Salaries and wages	10,007,056	1,155,411	11,162,467	29,571,394	21,797,217
Payroll taxes and employee benefits	2,228,487	265,940	2,494,427	6,699,981	5,353,660
Software licenses, fees and subscriptions	754,366	82,997	837,363	4,436,210	2,300,449
Depreciation	56,520	-	56,520	4,108,200	1,332,333
Repairs and maintenance	67,229	-	67,229	2,731,723	1,637,370
Recruiting and advertising	212,547	75,162	287,709	2,286,286	2,464,434
Other costs	149,515	81,448	230,963	1,228,124	1,324,608
Professional fees	747,062	15,000	762,062	770,336	320,188
Rent	9,321	-	9,321	578,450	560,392
Travel, lodging and meals	237,624	61,553	299,177	549,115	412,180
Bank charges and fees	52,613	3,336	55,949	541,511	239,702
Insurance	7,390	-	7,390	490,069	379,887
Provision for doubtful accounts	378,488	-	378,488	370,758	8,982,448
Printing and postage	8,088	82,555	90,643	218,940	190,184
Telephone	41,978	-	41,978	161,203	979,259
Office expenses	52,535	21,106	73,641	152,638	124,771
<b>Total</b>	<b>\$ 17,587,936</b>	<b>\$ 2,046,979</b>	<b>\$ 19,634,915</b>	<b>\$ 1,241,078,629</b>	<b>\$ 758,247,327</b>

See notes to consolidated financial statements.

**Step Up For Students-Florida, Inc. and Subsidiaries**

**Consolidated Statement of Cash Flows**

**Year Ended June 30, 2024**

**(With Summarized Comparative Information for the Year Ended June 30, 2023)**

	2024	2023
Cash flows from operating activities:		
Change in net assets	<b>\$ (334,360,180)</b>	\$ 155,918,814
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	<b>4,108,200</b>	1,332,333
Provision for doubtful accounts	<b>370,758</b>	8,982,448
Change in operating assets and liabilities:		
(Increase) decrease in assets:		
Pledges receivable	<b>(7,597,491)</b>	44,206,841
Other receivables	<b>(4,013,892)</b>	(1,806,696)
Prepaid expenses and other assets	<b>50,925</b>	(211,891)
Right-of-use lease assets	<b>506,588</b>	468,480
Increase (decrease) in liabilities:		
Accounts payable	<b>(32,330,580)</b>	15,147,088
Accrued expenses	<b>(1,378,961)</b>	1,028,536
Scholarships payable - FTC PEP and FTC ESA	<b>113,096,606</b>	-
Funds held in trust for students liability	<b>229,386,297</b>	141,594,339
Right-of-use lease liabilities	<b>(503,804)</b>	(449,287)
<b>Net cash (used in) provided by operating activities</b>	<b>(32,665,534)</b>	366,211,005
Cash flows from investing activities:		
Purchases of property and equipment	<b>(15,605,295)</b>	(7,270,424)
<b>Net cash used in investing activities</b>	<b>(15,605,295)</b>	(7,270,424)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(48,270,829)</b>	358,940,581
Cash and cash equivalents:		
Beginning	<b>944,873,483</b>	585,932,902
Ending	<b>\$ 896,602,654</b>	\$ 944,873,483
Cash and cash equivalents are included in the following captions on the consolidated statement of financial position:		
Cash and cash equivalents	<b>\$ 221,471,873</b>	\$ 612,225,605
Cash and cash equivalents restricted for FTC PEP and FTC ESA	<b>113,096,606</b>	-
Funds held in trust for students	<b>562,034,175</b>	332,647,878
	<b>\$ 896,602,654</b>	\$ 944,873,483
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<b>\$ 6,166</b>	\$ 10,302

See notes to consolidated financial statements.

## Step Up For Students-Florida, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2023)

---

#### Note 1. Nature of Organization and Significant Accounting Policies

**Nature of organization:** The primary mission of Step Up For Students-Florida, Inc. and its subsidiaries (collectively, the Organization) is to empower families to pursue and engage in the most appropriate learning options for their children, with an emphasis on families who lack the information and financial resources to access these options. By pursuing this mission, the Organization helps public education fulfill the promise of equal opportunity.

Step Up For Students-Florida, Inc. (SUFS-FL) is a nonprofit organization incorporated on February 18, 2000. SUFS-FL is a Scholarship Funding Organization (SFO) in the State of Florida, which allows the organization to administer the Florida Scholarship Programs. SUFS-FL administers the Florida Tax Credit Scholarship Program, Family Empowerment Scholarship Program, Hope Scholarship Program and the New Worlds Scholarship Accounts Program for the State of Florida. SUFS-FL serves as the controlling entity for the Organization.

Step Up For Students, Inc. (SUFS) is a nonprofit organization incorporated on December 3, 2021. SUFS serves as a supporting organization and provides services to SUFS-FL and SUFS-WV.

Step Up For Students-West Virginia, Inc. (SUFS-WV) is a nonprofit organization incorporated on December 10, 2021 as a subsidiary of SUFS. SUFS-WV was created to support the Hope Scholarship Program in the State of West Virginia under contract with the State of West Virginia's State Treasurer's Office.

The following is a summary of the programs operated by the Organization:

- **Florida Tax Credit Scholarship Program:** SUFS-FL is approved under Florida Statute 1002.395 to serve as a Scholarship Funding Organization (SFO). As an SFO, SUFS-FL can solicit and receive corporate contributions that are entitled to a state tax credit against 100% of corporate income tax, insurance premium tax, and direct-pay sales tax liabilities, 90% of alcoholic beverage tax liabilities, and 50% of oil and gas severance tax liabilities. Those contributions, in turn, must be spent to provide scholarships to Florida school children in compliance with the Florida Tax Credit Scholarship Program. In accordance with the provisions of the Florida Statutes, Scholarship Funding Organizations can receive an administrative fee not to exceed 3% of scholarships funded for the management of all Florida Scholarship Programs (see Note 1—Administrative fee for management of Florida Scholarship Programs). Scholarship Funding Organizations must expend for annual or partial-year scholarships an amount equal to or greater than 75% of the net eligible contributions remaining after administrative expenses during the year in which such contributions are collected. No more than 25% of such net eligible contributions may be carried forward for expenditure to the following year. However, no later than September 30 of each year, net eligible contributions remaining on June 30 of each year that are in excess of the 25% that may be carried forward shall be used to provide scholarships to eligible students or transferred to other eligible nonprofit SFOs to provide scholarships for eligible students.

During fiscal year 2024, the Florida Tax Credit Scholarship Program (FTC) was converted into an Education Savings Account (ESA). Due to the program's conversion to an ESA, the Organization has scholarships payable as of June 30, 2024 of approximately \$40.1 million, which is recorded in the accompanying consolidated statement of financial position as part of scholarships payable – FTC PEP and FTC ESA. Students who participate in this scholarship must be enrolled in a private school and may not receive any other state sponsored scholarships. An FTC ESA Scholarship account is established for each child that is awarded a scholarship. Scholarship funds must be used for private school tuition and fees. Any remainder can be used for a combination of programs and state approved providers. These include specialists, curriculum and digital materials exclusive of devices.

## Step Up For Students-Florida, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2023)

---

#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

For the 2023-2024 school year and the 2022-2023 school year, qualified students received a maximum scholarship of \$11,223 and \$10,373, respectively, to attend a private school that has been approved by the State of Florida or a maximum of \$2,232 for transportation to an out-of-district public school. Scholarships under the Florida Tax Credit Scholarship Program are awarded annually to qualified students. To qualify for a scholarship, a student and the parents or guardian of that student must meet residency requirements for the State of Florida, enroll in an eligible private school and comply with certain other responsibilities for program participation. Scholarship payments were made to the schools after parent approval via automated clearing house (ACH) in quarterly installments. For the Florida Tax Credit Scholarship Program and the Family Empowerment Scholarship for Educational Options, schools continue to verify student attendance and that the students' parents or guardians have complied with their responsibilities under the program.

Through the Florida Tax Credit Scholarship Program, SUFS-FL served 130,298 and 100,198 students in 2,159 and 2,090 private schools across Florida during the 2023-2024 school year and the 2022-2023 school year, respectively. SUFS-FL expended \$1,001,410,875 and \$695,626,649 for scholarships during the years ended June 30, 2024 and 2023, respectively. During the years ended June 30, 2024 and 2023, SUFS-FL received transferred funds from another SFO amounting to \$69,850,000 and \$148,270,000, respectively.

Beginning with the 2023-2024 school year, the Florida legislature established the Florida Tax Credit Personal Education Program (FTC PEP). K-12 Florida students who are not enrolled full-time in private or public school or a Home Education Program, can qualify for a Personalized Education Program through the Florida Tax Credit Scholarship Program. The program allows students to receive an average of \$8,000, regardless of household income, to receive parent directed education. An FTC PEP Scholarship account is established for each child awarded a scholarship and can be used to pay for instructional materials/curriculum, contracted services provided by a public school (including classes), tuition for an eligible home education instruction program, fees for standardized testing, private tutoring, post-secondary education or approved apprenticeship program and digital materials, exclusive of digital devices.

In the 2023-2024 school year, SUFS-FL served 19,192 FTC PEP students and expended \$147,915,424 for scholarships during the year ended June 30, 2024. The Organization has scholarships payable as of June 30, 2024 of approximately \$73.0 million related to FTC PEP, which is recorded in the accompanying consolidated statement of financial position as part of scholarships payable – FTC PEP and FTC ESA.

- **Policy, Strategic Communications, Legislative Affairs and Advocacy:** This team takes the message of the scholarship program to constituency groups, community and political leaders and local, state and national news publications. It issues press releases on topics of special concern and writes commentary for various publications. The group analyzes demographic, achievement and participation data and trends in the program and education choice movement. This team responds to numerous information requests from newspapers, other media and legislative and agency offices. This team also organizes advocates and supporters who believe children should be educated based on their learning needs, rather than where they live. This group educates, informs and trains parents to be advocates and supporters for the protection and expansion of choice opportunities. These services are provided to parents of children participating in programs administered by the Organization.

## Step Up For Students-Florida, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2023)

---

#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

- **Scholarship Service Contract:** SUFS-WV has contracted with the State of West Virginia's State Treasurer's Office to assist with the administration of the West Virginia Hope Scholarship Program in the State of West Virginia. The West Virginia Hope Scholarship Program offers qualifying K-12 students an opportunity to build an individual learning experience. SUFS-WV has been contracted to provide scholarship administrative services to include processing applications for eligibility and being the fiduciary of the student's scholarship funds, which are used for qualifying educational expenses. For the 2023-2024 school year, 6,355 students received scholarships, up to a maximum of \$8,787. For the 2022-2023 school year, 2,463 students received scholarships, up to a maximum of \$4,299. SUFS-WV is compensated for its work by receiving reimbursement for implementation costs associated with the scholarship program as well as a service fee from the State of West Virginia's State Treasurer's Office to provide these services. Effective July 1, 2024, SUFS-WV is no longer under contract with the State of West Virginia's State Treasurer's Office.
- **Hope Scholarship Program:** The Hope Scholarship Program was established by Florida Statute 1002.40, which was created in 2018 to provide the option of private school scholarships to students in public schools who have experienced acts of bullying and intimidation. SUFS-FL, as an approved SFO, is authorized to administer Hope Scholarships. The Hope Scholarship Program provides that automobile buyers may redirect up to \$105 of their state taxes on each purchase toward an authorized SFO. Those contributions must be used to provide tuition scholarships to participating private schools or a maximum of \$2,232 transportation scholarship, to a public school in another district. For the 2023-2024 school year and the 2022-2023 school year, qualified students received a maximum scholarship of \$11,223 and \$10,373, respectively. Through the Hope Scholarship Program, 893 and 871 students received scholarships for the 2023-2024 school year and the 2022-2023 school year, respectively. During the years ended June 30, 2024 and 2023, SUFS-FL collected \$78,126,858 and \$79,754,702, respectively, of eligible contributions. SUFS-FL expended \$6,267,023 and \$5,619,735 for scholarships during the years ended June 30, 2024 and 2023, respectively. Any unused funds in the Hope Scholarship Program can be used to fund scholarships to students of the Florida Tax Credit Scholarship Program in the next State of Florida fiscal year.
- **New Worlds Scholarship Accounts Program:** The New Worlds Scholarship Accounts Program was established by Florida Statute 1002.411 to provide academic support for elementary school students who struggle in reading and/or math, in district or charter schools. SUFS-FL, as an approved SFO, is authorized to administer the program. The scholarship is available to students in kindergarten through fifth grade who have scored a Level 1 or 2 on the English Language Arts and/or Math section of the Florida Standards Assessment (FSA). Each scholarship is worth a maximum of \$500, irrespective of whether the student needs help in either or both areas of study. The parent can use these funds to pay for tuition and fees related to part-time tutoring, summer and after-school programs, instructional materials and more. The funding is from direct state appropriation. A New Worlds Scholarship account is established for each child that is awarded a reading scholarship. Through the New Worlds Scholarship Accounts Program, 19,670 and 7,447 students received scholarships for the 2023-2024 school year and the 2022-2023 school year, respectively.

During the years ended June 30, 2024 and 2023, SUFS-FL distributed approximately \$9.0 million and \$4.8 million, respectively, leaving a balance of approximately \$15.4 million and \$7.2 million, respectively, which is recorded in the accompanying consolidated statement of financial position as both an asset and liability. SUFS-FL is acting as an agent for this program, therefore, there are no revenues and expenses reported on the accompanying consolidated statement of activities for scholarship funds received and distributed from the State of Florida.

## Step Up For Students-Florida, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2023)

---

#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

- **Family Empowerment Scholarship Program:** The Family Empowerment Scholarship Program was established by Florida Statute 1002.394, which was created in 2019, to provide children and families in the State of Florida, which have limited resources with educational options to achieve success in their education. This scholarship was created to help reduce the waiting list for the Florida Tax Credit Scholarship Program. Beginning with the 2021-2022 school year, this program was expanded to include two branches, the Family Empowerment Scholarship for Educational Options (FES-EO) and the Family Empowerment Scholarship for Students with Unique Abilities (FES-UA). Beginning with the 2023-2024 school year, the Florida legislature converted FES-EO into an Education Savings Account (ESA), similar to the FES-UA scholarship program. Students who participate in this scholarship must be enrolled in a private school and may not receive any other state sponsored scholarships. An FES-EO ESA Scholarship account is established for each child that is awarded a scholarship. Scholarship funds must be used for private school tuition and fees. Any remainder can be used for a combination of programs and state approved providers. These include specialists, curriculum and technology.

SUFS-FL, as an approved SFO, administered this scholarship and served 146,159 and 88,584 K-12 students and distributed approximately \$1.035 billion and \$628.6 million in scholarships for the 2023-2024 school year and the 2022-2023 school year, respectively, through the FES-EO ESA/FES-EO Program. Due to the program's conversion to an ESA, the balance for the year ended June 30, 2024, was approximately \$60.8 million, which is recorded in the accompanying consolidated statement of financial position as both an asset and liability. SUFS-FL is acting as an agent for this program, therefore, there are no revenues and expenses reported on the accompanying consolidated statement of activities for scholarship funds received and distributed from the State of Florida.

For the 2023-2024 school year and the 2022-2023 school year, FES-EO ESA/FES-EO qualified students received a maximum scholarship of \$11,223 and \$10,373, respectively, to attend a private school that has been approved by the State of Florida or a maximum of \$2,232 for transportation to an out-of-district public school. Scholarships are disbursed when a student attends a qualified school.

The Family Empowerment Scholarship for Students with Unique Abilities was established in 2014, creating scholarships for students with unique abilities. This scholarship is for Florida students in kindergarten through 12th grade with one of the following disabilities: Autism, Cerebral Palsy, Down Syndrome, intellectual disability, speech impairment, language impairment, orthopedic impairment, behavioral impairment, specific learning disability, Phelan-McDermid Syndrome, Prader-Willi Syndrome, Spina Bifida, Muscular Dystrophy, Williams Syndrome, anaphylaxis, visual impairment, traumatic brain injury, hospital or home bound, being a high risk child or identification as dual sensory impaired. The students need either an Individual Education Plan (IEP) from a Florida school district or a formal diagnosis from a licensed physician or psychologist to qualify. Students can participate in this scholarship as part of home education; however, they cannot be enrolled in public school or be receiving any other state-sponsored scholarships. A FES-UA Scholarship account is established for each child that is awarded a unique abilities scholarship. Parents use this money to personalize the education of their children with unique abilities by directing money towards a combination of programs and state approved providers. These include schools, therapists, specialists, curriculum, technology and college savings accounts. Through the FES-UA Program, 91,061 and 72,970 eligible students received scholarships for the 2023-2024 school year and the 2022-2023 school year, respectively.

## Step Up For Students-Florida, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2023)

---

#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

During the years ended June 30, 2024 and 2023, SUFS-FL distributed approximately \$977.0 million and \$551.8 million, respectively, leaving a balance of approximately \$481.8 million and \$323.9 million, respectively, which is recorded in the accompanying consolidated statement of financial position as both an asset and liability. SUFS-FL is acting as an agent for this program; therefore, there are no revenues and expenses reported on the accompanying consolidated statement of activities for scholarship funds received and distributed from the State of Florida.

**Administrative fee for management of Florida Scholarship Programs:** In accordance with the provisions of the Florida Statutes, SUFS-FL can receive an administrative fee to administer the Florida Scholarship Programs. For the Florida Tax Credit Scholarship Program, Hope Scholarship Program and New Worlds Scholarship Accounts Program, SUFS-FL receives 3% of scholarships funded for the 2023-2024 school year and the 2022-2023 school year. SUFS-FL receives 3% of scholarships funded to administer the Family Empowerment Scholarship Program for the 2023-2024 school year and 2.5% for the 2022-2023 school year. For the 2023-2024 school year and the 2022-2023 school year, total scholarships funded were 404,630 and 269,972, respectively, which resulted in \$93,215,794 and \$54,354,892 of administrative fees during the years ended June 30, 2024 and 2023, respectively.

This administrative fee was used to manage the Florida Tax Credit Scholarship Program, Hope Scholarship Program, Family Empowerment Scholarship Program and the New Worlds Scholarship Accounts Program in the State of Florida.

A summary of the Organization's significant accounting policies follows:

**Principles of consolidation:** The consolidated financial statements include the accounts of Step Up For Students-Florida, Inc. and its subsidiaries through controlling interests, SUFS and SUFS-WV. All significant intercompany transactions have been eliminated during consolidation.

**Comparative financial statements:** The consolidated financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2023, from which the summarized information was derived.

**Use of estimates:** The presentation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 consolidated financial statements and the reported amounts of revenues and support, and expenses during the reporting period. Actual results could differ from those estimates.

**Basis of presentation:** The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

A nonprofit organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, net assets of the Organization, and changes therein, are classified and reported as follows:

**Net assets without donor restrictions:** Net assets are not subject to donor-imposed stipulations, but may be designated for specific purposes by action of the Board of Directors.

## Step Up For Students-Florida, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2023)

---

#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

**Net assets with donor restrictions:** Net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Organization, passage of time, or permanently maintained by the Organization. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

**Cash and cash equivalents:** For purposes of the consolidated statement of cash flows, the Organization considers all short-term securities purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents exclude funds held in trust for students.

The Organization maintains its cash accounts at commercial banks, which are insured by the Federal Deposit Insurance Corporation (FDIC). Balances exceed amounts insured by the FDIC and the Organization has not experienced any losses on such accounts. To help reduce any potential losses, excess balances are swept into a money market fund, which is invested in U.S. Government Obligations.

The majority of the cash and cash equivalents held by the Organization is intended for disbursement of future scholarships in accordance with the provisions of the Florida Tax Credit Scholarship Program and the Hope Scholarship Program. The following table shows the amount of cash and cash equivalents on hand that has been allocated to cover upcoming costs for scholarships and other expenditures and undesignated amounts.

Cash and cash equivalents consisted of the following at June 30:

	2024	2023
Allocated to cover upcoming costs for scholarships and other expenditures	\$ 212,598,766	\$ 602,221,504
Undesignated	8,873,107	10,004,101
	<u>\$ 221,471,873</u>	<u>\$ 612,225,605</u>

**Pledges receivable, contributions and grants:** Unconditional contributions and grants are recorded in the period received at fair value as net assets without donor restrictions or net assets with donor restrictions support, depending on the existence or nature of any donor restrictions. Contributions and grants that are restricted by the donor are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When time restrictions expire or purpose restrictions are fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give (pledges) are recognized as support in the period received at fair value. Conditional contributions or intentions to give, that is those with both a measurable performance or other barrier and a right of return or release, are not recognized until they become unconditional, that is, at the time when the conditions on which they depend on are substantially met. The Organization uses the allowance method to determine uncollectible pledges receivable. The allowance is established based upon management's analysis of specific pledges and other economic factors. The Organization has received promises to give from corporations for the Florida Tax Credit Scholarship Program.

Pledges, which become uncollectible or for which an allowance is established in the year of the pledge, are written off against contribution revenue. Pledges which become uncollectible in subsequent years are charged to the allowance for uncollectible pledges.



## Step Up For Students-Florida, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2023)

---

#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Contributed services are recognized and reported at fair value in the period received, if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. There were no material contributed services for the years ended June 30, 2024 and 2023.

**Other receivables:** Other receivables primarily represent amounts due schools for refunds of scholarships payments and are stated at net realizable value. The Organization uses the allowance method to determine uncollectible accounts. The allowance is established based upon management's analysis of specific accounts and other economic factors. In the opinion of management, an allowance for uncollectible accounts of \$1,307,466 and \$936,707 was considered necessary at June 30, 2024 and 2023, respectively.

**Restricted certificate of deposit:** Restricted certificate of deposit held by the Organization represents funds required to be set aside by the lessor relating to an office lease signed by the Organization for collateral and is carried at amortized cost.

**Property and equipment:** Property and equipment is recorded at cost when purchased or at fair value at the date of gift, if contributed. Depreciation of property and equipment is computed using the straight-line method of accounting over the estimated useful lives of the depreciable assets. Routine maintenance and repair costs are charged to expense as incurred, while major replacements and improvements are capitalized as additions to the related assets. When assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts and gains or losses from dispositions are credited or charged to income.

**Impairment of long-lived assets:** The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate such value may not be recoverable. Recoverability of assets or asset groups to be held and used is measured by a comparison of the carrying amount of an asset or asset group to future net cash flows expected to be generated by the asset or asset group. If such assets or asset groups are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets or asset group. Assets or asset groups to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. No impairment of the Organization's long-lived assets or asset groups have been recognized during the years ended June 30, 2024 and 2023.

**Funds held in trust for students and funds held in trust for students liability:** Funds held in trust for students and funds held in trust for students liability represents funds received for the Family Empowerment Scholarship for Students with Unique Abilities (FES-UA), the Family Empowerment Scholarship for Educational Options Education Savings Account (FES-EO ESA), the New Worlds Scholarship Accounts Program and the West Virginia Hope Scholarship Program. A FES-UA Scholarship account is established for each child that is awarded a special needs scholarship, a New Worlds Scholarship account is established for each child that is awarded a reading and or math scholarship, a West Virginia Hope Scholarship account is established for each child that is awarded a personal education account scholarship. A FES-EO ESA Scholarship account is established for each child that is awarded a scholarship under this program. As parents use these funds in accordance with State of Florida and West Virginia guidelines, the asset and liability are reduced accordingly.

## Step Up For Students-Florida, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2023)

---

#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

The following represents a breakout of the funds held in trust for students and funds held in trust for students liability at June 30:

	2024	2023
FES-UA	\$481,829,478	\$323,873,764
FES-EO ESA	60,756,444	-
New Worlds Scholarship Accounts Program	15,396,284	7,206,091
West Virginia Hope Scholarship Program	4,051,969	1,568,023
	<u>\$562,034,175</u>	<u>\$332,647,878</u>

**Functional expenses:** The costs of providing the various programs and supporting services have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the various programs and supporting services benefited. Salaries and related payroll expenses are allocated among functional categories based on the estimated proportion of time spent to each function. All other expenses are allocated based on management's estimate of the relative functional activity.

**Income taxes:** SUFS-FL is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the State of Florida Statutes. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying consolidated financial statements. SUFS-FL has made an election under Section 501(h) of the Internal Revenue Code, which permits certain eligible 501(c)(3) organizations to make limited expenditures to influence legislation. The Organization would be subject to an excise tax if it spends more than the amounts permitted. Such limits have not been exceeded.

SUFS and SUFS-WV are in the process of applying for tax exempt status through filing of the Federal Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.

The Organization follows accounting standards relating to accounting for uncertainty in income taxes. Management assessed whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying consolidated financial statements. Generally, the Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before June 30, 2021.

**Leases:** The Organization has operating leases for certain office equipment and office space. The Organization determines if an arrangement is a lease at the inception of a contract. Lease assets and lease liabilities are recognized based on the present value of the lease payments over the lease term at the commencement date. To determine the present value of lease payments, the Organization uses the incremental borrowing rate, as determined through an analysis of its prospective borrowing rate on new loans, which is aligned with the lease term at the lease commencement date. Operating lease expense is recognized on a straight-line basis over the lease term.

Right-of-use (ROU) lease assets represent the Organization's right to use an underlying asset during the lease term and ROU lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU lease assets and ROU lease liabilities are reflected in the consolidated statement of financial position (see Note 5).

## Step Up For Students-Florida, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2023)

---

#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

The Organization's office space lease includes one option to renew, the exercise of such lease renewal option is at the Organization's sole discretion. The renewal term is included in the ROU lease liabilities only when it is reasonably possible the Organization will exercise the option. Leases with a lease term of 12 months or less at commencement are not recorded in the consolidated statement of financial position.

The Organization's office space lease agreement requires payments for lease and non-lease components and has elected to exclude the non-lease components for this operating lease. The non-lease components typically represent additional payments by the Organization, which are variable in nature and recorded in variable lease expense in the period incurred.

**Adopted accounting pronouncements:** As of July 1, 2023, the Organization adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the consolidated statement of activities as the amounts expected to be collected change. The adoption of this standard did not have a significant impact on the Organization's consolidated financial statements.

**Subsequent events:** The Organization has evaluated subsequent events through January 6, 2025, the date on which the consolidated financial statements were available to be issued.

#### Note 2. Property and Equipment

Property and equipment consisted of the following at June 30:

	2024	2023
Furniture and equipment	\$ 1,585,774	\$ 1,292,877
Software development	29,216,253	13,941,855
Other software	3,999,881	3,999,881
Leasehold improvements	85,544	47,544
	<u>34,887,452</u>	<u>19,282,157</u>
Less accumulated depreciation	(9,112,693)	(5,004,493)
	<u>\$ 25,774,759</u>	<u>\$ 14,277,664</u>

Beginning in 2021, the Organization began investing in the development of a new software platform to better serve its scholarship students and families. The Education Marketplace Assistant (EMA) platform contains student accounts and is the platform on which payments to schools, providers and parents will be recorded. This is cloud-based, which allows the Organization to better manage future growth in programs, while enhancing the student/family experience and supporting schools and providers. The EMA platform was placed into service for the 2023-2024 school year. It continues to be enhanced to include an artificial intelligence component and workflows. As of June 30, 2024, the Organization has invested over approximately \$28.1 million in the EMA platform and the costs associated with this investment are included in the software development line above. The Florida Scholarship Programs were administered through the EMA platform for the 2023-2024 school year.

## Step Up For Students-Florida, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2023)

---

#### Note 2. Property and Equipment (Continued)

Depreciation expense for the years ended June 30, 2024 and 2023, was \$4,108,200 and \$1,332,333, respectively.

#### Note 3. Line of Credit

SUFS-FL has a \$62,000,000 line of credit agreement with a bank bearing interest at the one-month Secured Overnight Financing Rate (SOFR) interest rate plus 1.1% (6.2% at June 30, 2024). Interest on the line of credit is payable monthly and matured on June 29, 2024. In August 2024, the line of credit was extended to August 30, 2025. The line of credit is collateralized by substantially all the assets of SUFS-FL and guaranteed by SUFS and SUFS-WV. The Organization maintains \$60,000,000 of the line of credit for the purpose of funding Florida Tax Credit Scholarship commitments under SUFS-FL, in the event that expected contributions from donors are delayed and \$2,000,000 for operating liquidity. There was no outstanding balance on the line of credit at June 30, 2024 and 2023.

#### Note 4. Net Assets

Net assets without donor restrictions are available for the following purposes at June 30:

	2024	2023
Undesignated	<u>\$ 38,129,055</u>	<u>\$ 27,354,582</u>

Net assets with donor restrictions are available for the following purposes at June 30:

	2024	2023
Florida Tax Credit Scholarship Program	\$ 380,304,443	\$ 788,444,128
Hope Scholarship Program	378,771,057	315,471,658
Policy, Strategic Communications, Legislative Affairs and Advocacy	-	294,367
	<u>\$ 759,075,500</u>	<u>\$ 1,104,210,153</u>

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

	2024	2023
Florida Tax Credit Scholarship Program	\$1,149,318,569	\$ 704,436,980
Hope Scholarship Program	6,267,023	5,619,735
Policy, Strategic Communications, Legislative Affairs and Advocacy	294,367	33,170
	<u>\$1,155,879,959</u>	<u>\$ 710,089,885</u>

## Step Up For Students-Florida, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2023)

---

#### Note 5. Leases

The Organization leases certain office equipment and office space under operating leases, which expire at various dates through April 2027.

The components of lease expense and supplemental consolidated cash flow information related to leases for the years ended June 30, are as follows:

	2024	2023
Operating lease cost	\$ 561,284	\$ 535,291
Variable lease cost	17,166	25,101
	<u>\$ 578,450</u>	<u>\$ 560,392</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 564,666	\$ 526,400
Weighted-average remaining lease term-operating leases (years)	2.5	3.4
Weighted average discount rate-operating leases	3.85%	3.85%

The right-of-use lease liabilities and their maturity analysis are summarized as follows as of June 30, 2024:

Years ending June 30:		
2025		\$ 559,192
2026		440,120
2027		286,349
Total minimum payments required		<u>1,285,661</u>
Less amounts representing interest		<u>(68,149)</u>
Present value of minimum lease payments		<u>\$ 1,217,512</u>

The present value of minimum lease payments is included in the following captions in the consolidated statement of financial position at June 30, 2024:

Current portion of right-of-use lease liabilities	\$ 519,330
Right-of-use lease liabilities, net of current portion	698,182
	<u>\$ 1,217,512</u>

## Step Up For Students-Florida, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2023)

---

#### Note 6. Liquidity and Availability of Resources

As of June 30, 2024 and 2023, the following reflects the Organization's financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions, within one year of June 30:

	2024	2023
Financial assets, at year-end:		
Cash and cash equivalents	\$ 221,471,873	\$ 612,225,605
Pledges receivable, net	561,494,599	553,897,108
Other receivables, net	10,070,375	6,427,241
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donors with purpose restrictions	(759,075,500)	(1,104,210,153)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 33,961,347</u>	<u>\$ 68,339,801</u>

The Organization's goal is to manage its tax-credited fundraising and associated scholarship commitments, such that as many students as possible receive a scholarship, while maintaining at least an 8.5% reserve of the funds received. The purpose of that reserve is to accommodate for timing differences and potential rescindments by donors and to ensure sufficient funding is available for the first quarter tuition payments in the next fiscal year. The Organization has managed scholarship commitments for the next school year, accordingly, to maintain the targeted reserve.

Historically, the Organization pays scholarship payments four times per year during the school year, the timing for which is established based on the timing of funds received. Donations received between scholarship payments are invested in short term U.S. Treasury instruments, the interest from which is designated to fund scholarships.

The Organization maintains a \$62 million line of credit of which \$60 million is restricted for the purpose of funding scholarship commitments in the event that expected contributions from donors are delayed and \$2 million for short-term operating liquidity.

During the years ended June 30, 2024 and 2023, the Organization had approximately \$11.1 million and \$13.5 million outstanding in scholarship payable commitments for 4,501 and 3,266 scholarship recipients, respectively, for the Florida Tax Credit Scholarship Program. The scholarship payable commitments have been recorded as scholarship expense and included in accounts payable at June 30, 2024 and 2023. During the years ended June 30, 2024 and 2023, all scholarships were paid from donations received and the Organization carried forwarded approximately \$158 million and \$488 million of scholarship funds, respectively, for future scholarships.

During the years ended June 30, 2024 and 2023, the Organization had approximately \$6.3 million and \$36.0 million, respectively, in Family Empowerment Scholarship Program funds that are due to the Florida Department of Education (DOE) for scholarship recipients that did not use their scholarship in the 2023-2024 school year and in the 2022-2023 school year, respectively. These funds have been included in accounts payable at June 30, 2024 and 2023.

## **Step Up For Students-Florida, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements**

**(With Summarized Comparative Information as of and for the Year Ended June 30, 2023)**

---

#### **Note 7. Major Donors**

**SUFS-FL:** Contributions from two major donors accounted for approximately 30% of contributions and grants—Florida Tax Credit Scholarship Program during the year ended June 30, 2024. At June 30, 2024, approximately 40% of pledges receivable were due from these major donors. Contributions from two major donors accounted for approximately 33% of contributions and grants—Florida Tax Credit Scholarship Program during the year ended June 30, 2023. At June 30, 2023, approximately 40% of pledges receivable were due from these major donors.

#### **Note 8. Retirement Plan**

The Organization has a defined contribution 401(k) Savings Plan (the Plan). All employees who meet certain age and service requirements are eligible to participate in the Plan. The Plan provides for salary reduction contributions from employees up to the federal tax limit according to the Internal Revenue Code. In addition, there could be additional retirement benefits from discretionary employer contributions. Contributions to this Plan for the years ended June 30, 2024 and 2023, were \$1,305,418 and \$963,859, respectively, which is included in payroll taxes and employee benefits in the accompanying consolidated statement of functional expenses.

## Step Up For Students-Florida, Inc. and Subsidiaries

### Consolidating Statement of Financial Position June 30, 2024

	Step Up For Students, Inc.	Step Up For Students- Florida, Inc.	Step Up For Students-West Virginia, Inc.	Eliminations	Consolidated
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ (12,875)	\$ 220,751,706	\$ 733,042	\$ -	\$ 221,471,873
Pledges receivable, net	-	561,494,599	-	-	561,494,599
Other receivables, net	8,476	8,987,383	1,074,516	-	10,070,375
Prepaid expenses and other assets	589,846	573,473	827	-	1,164,146
Cash and cash equivalents restricted for FTC PEP and FTC ESA	-	113,096,606	-	-	113,096,606
Funds held in trust for students	-	557,982,206	4,051,969	-	562,034,175
Due from related party	832,599	-	-	(832,599)	-
<b>Total current assets</b>	<b>1,418,046</b>	<b>1,462,885,973</b>	<b>5,860,354</b>	<b>(832,599)</b>	<b>1,469,331,774</b>
Restricted certificate of deposit	-	116,000	-	-	116,000
Right-of-use lease assets	1,175,682	-	-	-	1,175,682
Property and equipment, net	321,251	25,203,113	250,395	-	25,774,759
<b>Total assets</b>	<b>\$ 2,914,979</b>	<b>\$ 1,488,205,086</b>	<b>\$ 6,110,749</b>	<b>\$ (832,599)</b>	<b>\$ 1,496,398,215</b>
<b>Liabilities and Net Assets</b>					
Current liabilities:					
Accounts payable	\$ 346,166	\$ 18,669,912	\$ -	\$ -	\$ 19,016,078
Accrued expenses	1,321,043	2,393,829	114,417	-	3,829,289
Scholarships payable - FTC PEP and FTC ESA	-	113,096,606	-	-	113,096,606
Funds held in trust for students liability	-	557,982,206	4,051,969	-	562,034,175
Due to related party	-	68,818	763,781	(832,599)	-
Current portion of right-of-use lease obligations	519,330	-	-	-	519,330
<b>Total current liabilities</b>	<b>2,186,539</b>	<b>692,211,371</b>	<b>4,930,167</b>	<b>(832,599)</b>	<b>698,495,478</b>
Right-of-use lease obligations, net of current portion	698,182	-	-	-	698,182
<b>Total liabilities</b>	<b>2,884,721</b>	<b>692,211,371</b>	<b>4,930,167</b>	<b>(832,599)</b>	<b>699,193,660</b>
Net assets:					
Without donor restrictions	30,258	36,918,215	1,180,582	-	38,129,055
With donor restrictions	-	759,075,500	-	-	759,075,500
<b>Total net assets</b>	<b>30,258</b>	<b>795,993,715</b>	<b>1,180,582</b>	<b>-</b>	<b>797,204,555</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,914,979</b>	<b>\$ 1,488,205,086</b>	<b>\$ 6,110,749</b>	<b>\$ (832,599)</b>	<b>\$ 1,496,398,215</b>



## Step Up For Students-Florida, Inc. and Subsidiaries

### Consolidating Statement of Activities Year Ended June 30, 2024

	Step Up For Students, Inc.			Step Up For Students-Florida, Inc.			Step Up For Students-West Virginia, Inc.			Eliminations	Consolidated
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
<b>Revenues and support:</b>											
<b>Contributions and grants:</b>											
Florida Tax Credit Scholarship Program	\$ -	\$ -	\$ -	\$ 82,563,619	\$ 720,533,714	\$ 803,097,333	\$ -	\$ -	\$ -	\$ -	\$ 803,097,333
Hope Scholarship Program	-	-	-	10,652,175	67,474,683	78,126,858	-	-	-	-	78,126,858
Grants and other contributions	-	-	-	403,700	-	403,700	-	-	-	-	403,700
Other revenue and interest income	27,431,677	-	27,431,677	278,150	22,736,909	23,015,059	34,132	-	34,132	(27,413,640)	23,067,228
Scholarship service contract revenue	-	-	-	-	-	-	2,023,330	-	2,023,330	-	2,023,330
Net assets released from restrictions	-	-	-	1,155,585,640	(1,155,585,640)	-	294,319	(294,319)	-	-	-
<b>Total revenues and support</b>	<b>27,431,677</b>	<b>-</b>	<b>27,431,677</b>	<b>1,249,483,284</b>	<b>(344,840,334)</b>	<b>904,642,950</b>	<b>2,351,781</b>	<b>(294,319)</b>	<b>2,057,462</b>	<b>(27,413,640)</b>	<b>906,718,449</b>
<b>Expenses:</b>											
<b>Program services:</b>											
Florida Tax Credit Scholarship Program	-	-	-	1,177,683,777	-	1,177,683,777	-	-	-	(85,577)	1,177,598,200
Family Empowerment Scholarship Program	-	-	-	32,328,953	-	32,328,953	-	-	-	(1,285,931)	31,043,022
Hope Scholarship Program	-	-	-	7,024,886	-	7,024,886	-	-	-	9,894	7,034,780
Policy, Strategic Communications, Legislative Affairs and Advocacy	-	-	-	2,910,573	-	2,910,573	17,165	-	17,165	91,408	3,019,146
New Worlds Scholarship Accounts Program	-	-	-	1,761,321	-	1,761,321	-	-	-	19,105	1,780,426
Scholarship Service Contract	-	-	-	-	-	-	957,577	-	957,577	10,563	968,140
<b>Total program services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,221,709,510</b>	<b>-</b>	<b>1,221,709,510</b>	<b>974,742</b>	<b>-</b>	<b>974,742</b>	<b>(1,240,538)</b>	<b>1,221,443,714</b>
<b>Supporting services:</b>											
General and administrative	25,506,410	-	25,506,410	17,614,205	-	17,614,205	640,842	-	640,842	(26,173,521)	17,587,936
Development and fundraising	-	-	-	2,046,560	-	2,046,560	-	-	-	419	2,046,979
<b>Total supporting services</b>	<b>25,506,410</b>	<b>-</b>	<b>25,506,410</b>	<b>19,660,765</b>	<b>-</b>	<b>19,660,765</b>	<b>640,842</b>	<b>-</b>	<b>640,842</b>	<b>(26,173,102)</b>	<b>19,634,915</b>
<b>Total expenses</b>	<b>25,506,410</b>	<b>-</b>	<b>25,506,410</b>	<b>1,241,370,275</b>	<b>-</b>	<b>1,241,370,275</b>	<b>1,615,584</b>	<b>-</b>	<b>1,615,584</b>	<b>(27,413,640)</b>	<b>1,241,078,629</b>
<b>Change in net assets</b>	<b>1,925,267</b>	<b>-</b>	<b>1,925,267</b>	<b>8,113,009</b>	<b>(344,840,334)</b>	<b>(336,727,325)</b>	<b>736,197</b>	<b>(294,319)</b>	<b>441,878</b>	<b>-</b>	<b>(334,360,180)</b>
<b>Net assets:</b>											
Beginning	(1,895,009)	-	(1,895,009)	28,805,206	1,103,915,834	1,132,721,040	444,385	294,319	738,704	-	1,131,564,735
Ending	\$ 30,258	\$ -	\$ 30,258	\$ 36,918,215	\$ 759,075,500	\$ 795,993,715	\$ 1,180,582	\$ -	\$ 1,180,582	\$ -	\$ 797,204,555

**Step Up For Students-Florida, Inc. and Subsidiaries**

**Schedule of Expenditures of State Financial Assistance  
Year Ended June 30, 2024**

Grantor/Pass-Through Grantor/Program Title	State CSFA Number	Contract/ Grant Number	Amounts Provided to Subrecipients	State Expenditures
<b>State financial assistance:</b>				
Florida Department of Education and Commissioner of Education:				
Direct program:				
New Worlds Scholarship Accounts Program	48.157	92X-93470-4D001	\$ -	\$ 9,009,238
<b>Total expenditures of state financial assistance</b>			<b>\$ -</b>	<b>\$ 9,009,238</b>

See notes to schedule of expenditures of state financial assistance.

## Step Up For Students-Florida, Inc. and Subsidiaries

### Notes to Schedule of Expenditures of State Financial Assistance Year Ended June 30, 2024

---

#### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state financial assistance project activity of Step Up For Students-Florida, Inc. and its subsidiaries (the Organization), under programs of the State of Florida for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of the State of Florida Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

#### **Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are recognized on the accrual basis of accounting. Such expenditures are reported following the cost principles established by the State of Florida Department of Financial Services, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers (contract or grant number) are presented where available.

SUFS-FL is acting as an agent for the New Worlds Scholarship Accounts Program; therefore, there are no revenues and expenses reported on the accompanying consolidated statement of activities for scholarship funds received and distributed from the State of Florida. The expenditures reported as state financial assistance on the Schedule represent amounts distributed for reimbursement of program-related expenditures on behalf of eligible children, which totaled \$9,009,238.

**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***

**Independent Auditor's Report**

Board of Directors  
Step Up For Students-Florida, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of Step Up For Students-Florida, Inc. and its subsidiaries (the Organization), which comprise the Organization's consolidated statement of financial position as of June 30, 2024, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements), and have issued our report thereon dated January 6, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

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

*RSM US LLP*

Orlando, Florida  
January 6, 2025

**Report on Compliance for its Major State Financial Assistance Project  
and Report on Internal Control Over Compliance Required by the  
State of Florida Chapter 10.650, *Rules of the Auditor General***

**Independent Auditor's Report**

Board of Directors  
Step Up For Students-Florida, Inc.

**Report on Compliance for its Major State Financial Assistance Project**

***Opinion on its Major State Financial Assistance Project***

We have audited Step Up For Students-Florida, Inc. and its subsidiaries' (the Organization) compliance with the types of compliance requirements identified as subject to audit in the State of Florida's *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on the Organization's major state financial assistance project for the year ended June 30, 2024. The Organization's major state financial assistance project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state financial assistance project for the year ended June 30, 2024.

***Basis for Opinion on the Major State Financial Assistance Project***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the State of Florida Chapter 10.650, *Rules of the Auditor General* (Chapter 10.650). Our responsibilities under those standards and Chapter 10.650 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's state financial assistance project.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.650 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of its major state financial assistance project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.650, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

*RSM US LLP*

Orlando, Florida  
January 6, 2025



**Step Up For Students-Florida, Inc. and Subsidiaries**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024**

---

**I. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>          </u> Yes	<u>      X</u> No
Significant deficiency(ies) identified?	<u>          </u> Yes	<u>      X</u> None Reported
Noncompliance material to financial statements noted?	<u>          </u> Yes	<u>      X</u> No

**State Financial Assistance**

Internal control over major project:

Material weakness(es) identified?	<u>          </u> Yes	<u>      X</u> No
Significant deficiency(ies) identified?	<u>          </u> Yes	<u>      X</u> None Reported

Type of auditor's report issued on compliance for major project: Unmodified

Any audit findings disclosed that are required to be reported in accordance with State of Florida Chapter 10.650, *Rules of the Auditor General*?            Yes       X No

Identification of major project:

<u>CSFA Number(s)</u>	<u>Name of State Financial Assistance Project</u>
48.157	New Worlds Scholarship Accounts Program

Dollar threshold used to distinguish between type A and type B state financial assistance projects:       \$      750,000

**II. Financial Statement Findings**

No matters to report.

**III. Findings and Questioned Costs for State Financial Assistance**

No matters to report.

**IV. Other Reporting**

1. No Summary Schedule of Prior Audit Findings is presented because there were no prior audit findings.
2. There was no management letter (as defined by Section 10.654(1)(e), *Rules of the Florida Auditor General*) issued in connection with this audit.