

Lakewood Ranch Preparatory Academy

A Department of Southwest Charter
Foundation, Inc.

(A Component Unit of the School
Board of Manatee County, Florida)

Basic Financial Statements
For the Year Ended June 30, 2024

Lakewood Ranch Preparatory Academy

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lakewood Ranch Preparatory Academy
Lakewood Ranch, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lakewood Ranch Preparatory Academy (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School Board of Manatee County, Florida, as of and for the year ended June 30, 2024, 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, 2024, and the respective changes in financial position and the respective budgetary comparison for the General Fund and the Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and changes in financial position of only that portion of the governmental activities and each major fund of Southwest Charter Foundation, Inc. that are attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Southwest Charter Foundation, Inc. as of June 30, 2024 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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.

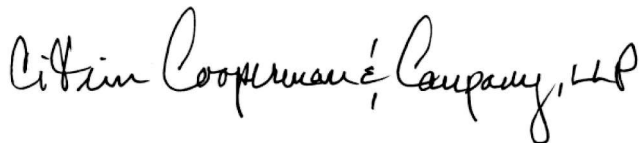
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Fort Lauderdale, Florida
September 20, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Lakewood Ranch Preparatory Academy (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School District of Manatee County, Florida (the "School District"), we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the years ended June 30, 2024 and 2023.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the past and current position of the School's financial condition. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplementary information.

Financial Highlights

Our basic financial statements provide these insights into the results of this year's operations.

- As of June 30, 2024, the School's fund balances was \$ 509,530 as compared to \$ 503,807 at June 30, 2023.
- As of June 30, 2024, the School had net position (deficit) of \$ (496,133) as compared to \$ 85,421 at June 30, 2023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide basic financial statements, 2) fund basic financial statements, and 3) notes to the basic financial statements.

Government-Wide Basic 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 (deficit) presents information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the components reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

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

The government-wide basic financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide basic financial statements can be found on pages 9 and 10 of this report.

Fund Basic Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

The School maintains several individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The General Fund, Grants Fund, Capital Projects Fund and Club and Activities Fund are considered to be the School's major funds.

The School adopts an annual budget for its governmental funds except for the Club and Activities Fund. A budgetary comparison statement has been provided for the General Fund and Grants Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 11 through 16 of this report.

Notes to Basic Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 17 through 26 of this report.

Government-Wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of financial position. In the case of the School, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$ (496,133) at the close of the most recent fiscal year.

**Lakewood Ranch Preparatory Academy
Management's Discussion and Analysis
June 30, 2024**

Our analysis in the table below focuses on the net position (deficit) of the School's governmental activities:

Lakewood Ranch Preparatory Academy Net Position (Deficit)			
	June 30, 2024	June 30, 2023	Variance
Assets:			
Current and other assets	\$ 1,827,918	\$ 1,030,364	\$ 797,554
Capital assets, net	50,877,871	21,128,691	29,749,180
Total assets	<u>52,705,789</u>	<u>22,159,055</u>	<u>30,546,734</u>
Liabilities:			
Current liabilities	2,360,137	753,501	1,606,636
Noncurrent liabilities	50,841,785	21,320,133	29,521,652
Total liabilities	<u>53,201,922</u>	<u>22,073,634</u>	<u>31,128,288</u>
Net Position (Deficit):			
Net investment in capital assets	(619,192)	(375,794)	(243,398)
Restricted	28,060	63,648	(35,588)
Unrestricted	94,999	397,567	(302,568)
Total net position (deficit)	<u>\$ (496,133)</u>	<u>\$ 85,421</u>	<u>\$ (581,554)</u>

Current and other assets increased mainly due to a rise in the School's cash position. Capital assets, net of depreciation increased mainly due to the new building and equipment leases of approximately \$ 30,554,000 offset by depreciation expense of \$ 1,855,903. Current liabilities increased due to rise in monies owed to the management company and short-term lease payables. Long-term liabilities increased due to the increase in the School's lease payables.

Governmental Activities: The School's overall net position decreased \$ (581,554) from the prior fiscal year. The reasons for this overall decrease are discussed in the following section for governmental activities.

Lakewood Ranch Preparatory Academy Change in Net Position			
	June 30, 2024	June 30, 2023	Variance
Revenues:			
Program revenues:			
Charges for services	\$ 517,746	\$ 316,086	\$ 201,660
Operating grants and contributions	871,542	1,240,063	(368,521)
Capital grants and contributions	1,025,198	402,670	622,528
General revenues:			
FTE and other nonspecific revenues	10,996,893	5,682,356	5,314,537
Contributions	2,950,732	1,399,229	1,551,503
Interest income	28,431	-	28,431
Miscellaneous	39,512	686	38,826
Total revenues	<u>16,430,054</u>	<u>9,041,090</u>	<u>7,388,964</u>

**Lakewood Ranch Preparatory Academy
Management's Discussion and Analysis
June 30, 2024**

Governmental Activities (continued):

	June 30, 2024	June 30, 2023	Variance
Functions/Program Expenses:			
Instruction	\$ 6,779,683	\$ 4,130,110	\$ 2,649,573
Student support services	633,593	378,613	254,980
Instructional media services	474	15,146	(14,672)
Instruction and curriculum development services	19,187	12,493	6,694
Instructional staff training services	32,987	6,112	26,875
Instruction related technology	205,971	109,383	96,588
Board	86,492	55,359	31,133
School administration	927,324	745,636	181,688
Fiscal services	41,698	12,874	28,824
Food services	431,620	210,940	220,680
Central services	124,157	135,982	(11,825)
Operation of plant	2,990,084	2,462,712	527,372
Maintenance of plant	327,375	148,851	178,524
Community services	120,847	68,382	52,465
Extracurricular activities	540,697	266,503	274,194
Interest on long-term debt	3,749,419	196,573	3,552,846
Total	<u>17,011,608</u>	<u>8,955,669</u>	<u>8,055,939</u>
Change in net position	(581,554)	85,421	(666,975)
Net position-beginning	<u>85,421</u>	<u>-</u>	<u>85,421</u>
Net position (deficit)-ending	<u>\$ (496,133)</u>	<u>\$ 85,421</u>	<u>\$ (581,554)</u>

Program revenues increased from a rise in food service and capital improvement revenues. General revenues increased due to a rise of 467 in student enrollment and management company contributions. Total expenses primarily increased due to increases in instruction, operation of plant, and interest on long-term debt expenses.

Financial Analysis of Governmental Funds

The General Fund is the chief operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$ 9,905, while total fund balance increased to \$ 481,470. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 0.02% of total General Fund expenditures, while total fund balance represents 1.06% of that same amount.

The fund balance of the School's General Fund increased by \$ 41,311 during the current fiscal year. The increase was due to monies received for prior year grant expenditures.

The Grants Fund doesn't have an increase or decrease in fund balance during the fiscal year as this fund reports federal and certain state expense reimbursement grants.

The Capital Project Fund doesn't have an increase or decrease in fund balance during the fiscal year as this fund reports state and local capital outlay funding that is used to cover a portion of interest expense.

The Club and Activities Fund had a decrease in fund balance during the current fiscal year due to additional expenses for extracurricular activities.

Capital Assets and Debt Administration

Capital assets: At June 30, 2024, the School had capital assets of \$ 50,877,871 net of accumulated depreciation and amortization, invested in lease assets, improvements other than buildings, computer equipment and furniture, fixtures and equipment. Major capital assets additions for the year included \$ 31,605,083 for the leased building and new equipment. Additional information on the School's capital assets can be found in Note 5 of this report.

Debt: At June 30, 2024, the School had outstanding debt of \$ 51,497,063 as compared to \$ 21,504,485 at June 30, 2023. The increase is a result of new building and equipment leases. Additional information on the School's debt can be found in Notes 6 and 7 of this report.

General Fund Budgetary Highlights

State source revenues had a decrease to the budget due to the estimation of student funding. Local source revenues increased due to management fee contributions. Expenditures were unfavorable to the budget primarily due to instruction, capital outlay, and operation of plant expenses.

Economic Factors and Next Year's Budget

In fiscal year 2024, the State of Florida continued to include a teacher salary increase allocation ("TSIA") of \$ 1.1 billion. The capital outlay funding pool ended up at \$ 213 million. In addition to the TSIA, teachers also received a compensation increase to align overall salaries with district levels.

For fiscal year 2025, the funding for teacher salaries and other instructional personnel will be \$ 1.25 billion. Additionally, the State of Florida approved an increase to the base funding allocation and capital outlay. A 3% merit increase for all staff was included in the budget. All other expenditures are budgeted in alignment with enrollment changes and the School's strategic objectives.

Requests for Information

If you have questions about this report or need additional information, please contact Michael Valdes, Controller - School Accounting; Charter Schools USA, 800 Corporate Drive, Suite 700, Fort Lauderdale, Florida 33334.

BASIC
FINANCIAL STATEMENTS

Lakewood Ranch Preparatory Academy
Statement of Net Position (Deficit)
June 30, 2024

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 1,325,692
Due from other governments	30,524
Due from related party	137
Prepaid items	440,670
Deposits	<u>30,895</u>
Total current assets	1,827,918
Noncurrent Assets:	
Capital assets (depreciable and amortizable), net of accumulated depreciation and amortization	<u>50,877,871</u>
Total assets	<u>52,705,789</u>
Current Liabilities:	
Accounts payable and accrued liabilities	142,984
Salaries and wages payable	427,657
Accrued interest payable	336,513
Due to management company	742,010
Due to related parties	5,737
Compensated absences	37,469
Lease payables	<u>667,767</u>
Total current liabilities	<u>2,360,137</u>
Noncurrent Liabilities:	
Compensated absences	12,489
Lease payables	<u>50,829,296</u>
Total noncurrent liabilities	<u>50,841,785</u>
Total liabilities	<u>53,201,922</u>
Net Position (Deficit):	
Net investment in capital assets	(619,192)
Restricted for extracurricular activities	28,060
Unrestricted	<u>94,999</u>
Total net position (deficit)	<u>\$ (496,133)</u>

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

Lakewood Ranch Preparatory Academy
Statement of Activities
For the Year Ended June 30, 2024

	Program Revenues			Governmental Activities	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
				Net Revenue (Expense) and Change in Net Position (Deficit)	
Functions/Programs:					
Instruction	\$ 6,779,683	\$ -	\$ 176,382	\$ -	\$ (6,603,301)
Student support services	633,593	-	-	-	(633,593)
Instructional media services	474	-	-	-	(474)
Instruction and curriculum development services	19,187	-	-	-	(19,187)
Instructional staff training services	32,987	-	4,810	-	(28,177)
Instruction related technology	205,971	-	-	-	(205,971)
Board	86,492	-	-	-	(86,492)
School administration	927,324	-	-	-	(927,324)
Fiscal services	41,698	-	-	-	(41,698)
Food services	431,620	218,883	136,717	-	(76,020)
Central services	124,157	-	-	-	(124,157)
Operation of plant	2,990,084	-	48,872	-	(2,941,212)
Maintenance of plant	327,375	-	-	-	(327,375)
Community services	120,847	298,863	-	-	178,016
Extracurricular activities	540,697	-	504,761	-	(35,936)
Interest on long-term debt	3,749,419	-	-	1,025,198	(2,724,221)
Total governmental activities	\$ <u>17,011,608</u>	\$ <u>517,746</u>	\$ <u>871,542</u>	\$ <u>1,025,198</u>	<u>(14,597,122)</u>
General revenues:					
FTE and other nonspecific revenues					10,996,893
Contributions					2,950,732
Interest income					28,431
Miscellaneous					39,512
Total general revenues					14,015,568
Change in net position					(581,554)
Net position, July 1, 2023					85,421
Net position (deficit), June 30, 2024					\$ <u>(496,133)</u>

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

Lakewood Ranch Preparatory Academy
Balance Sheet - Governmental Funds
June 30, 2024

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Project Fund</u>	<u>Club and Activities Fund</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 1,293,450	\$ -	\$ -	\$ 32,242	\$ 1,325,692
Due to related parties	137	-	-	-	137
Due from other governments	-	30,524	-	-	30,524
Due from other funds	34,706	-	-	-	34,706
Prepaid items	440,670	-	-	-	440,670
Deposits	30,895	-	-	-	30,895
	<u>1,799,858</u>	<u>30,524</u>	<u>-</u>	<u>32,242</u>	<u>1,862,624</u>
Total assets	\$ <u>1,799,858</u>	\$ <u>30,524</u>	\$ <u>-</u>	\$ <u>32,242</u>	\$ <u>1,862,624</u>
Liabilities:					
Accounts payable and accrued liabilities	\$ 142,984	\$ -	\$ -	\$ -	\$ 142,984
Salaries and wages payable	427,657	-	-	-	427,657
Due to management company	742,010	-	-	-	742,010
Due to other schools	5,737	-	-	-	5,737
Due to other funds	-	30,524	-	4,182	34,706
	<u>1,318,388</u>	<u>30,524</u>	<u>-</u>	<u>4,182</u>	<u>1,353,094</u>
Total liabilities	<u>1,318,388</u>	<u>30,524</u>	<u>-</u>	<u>4,182</u>	<u>1,353,094</u>
Fund Balances:					
Nonspendable:					
Prepaid items	440,670	-	-	-	440,670
Deposits	30,895	-	-	-	30,895
Restricted for extracurricular activities	-	-	-	28,060	28,060
Unassigned	9,905	-	-	-	9,905
	<u>481,470</u>	<u>-</u>	<u>-</u>	<u>28,060</u>	<u>509,530</u>
Total fund balances	<u>481,470</u>	<u>-</u>	<u>-</u>	<u>28,060</u>	<u>509,530</u>
Total liabilities and fund balances	\$ <u>1,799,858</u>	\$ <u>30,524</u>	\$ <u>-</u>	\$ <u>32,242</u>	\$ <u>1,862,624</u>

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

**Lakewood Ranch Preparatory Academy
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position (Deficit)
 June 30, 2024**

Total Fund Balances - Governmental Funds \$ 509,530

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

The cost of capital assets acquired is reported as an expenditure in the governmental fund statements. The statement of net position (deficit) includes those capital assets, net of accumulated depreciation and amortization, among the assets of the School as a whole.

Cost of capital assets	\$	53,105,101	
Less accumulated depreciation and amortization		<u>(2,227,230)</u>	50,877,871

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. All liabilities both current and long-term, are reported in the government-wide statements.

Compensated absences	\$	(49,958)	
Accrued interest payable		(336,513)	
Lease payables		<u>(51,497,063)</u>	<u>(51,883,534)</u>

Net Position (Deficit) of Governmental Activities \$ (496,133)

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

**Lakewood Ranch Preparatory Academy
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2024**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Project Fund</u>	<u>Club and Activities Fund</u>	<u>Total</u>
Revenues:					
Federal sources	\$ -	\$ 223,419	\$ -	\$ -	\$ 223,419
State sources	9,561,531	3,658	720,966	-	10,286,155
Local sources	4,784,193	-	304,232	504,761	5,593,186
Aftercare	298,863	-	-	-	298,863
Interest income	28,083	-	-	348	28,431
	<u>14,672,670</u>	<u>227,077</u>	<u>1,025,198</u>	<u>505,109</u>	<u>16,430,054</u>
Expenditures:					
Current:					
Instruction	5,947,068	30,093	-	-	5,977,161
Student support services	633,593	-	-	-	633,593
Instructional media services	474	-	-	-	474
Instruction and curriculum development services	19,187	-	-	-	19,187
Instructional staff training services	28,177	4,810	-	-	32,987
Instruction related technology	205,971	-	-	-	205,971
Board	86,492	-	-	-	86,492
School administration	927,324	-	-	-	927,324
Fiscal services	41,698	-	-	-	41,698
Food services	294,903	136,717	-	-	431,620
Central services	124,157	-	-	-	124,157
Operation of plant	1,929,337	-	-	-	1,929,337
Maintenance of plant	327,375	-	-	-	327,375
Community services	120,847	-	-	-	120,847
Extracurricular activities	-	-	-	540,697	540,697
Capital outlay	31,592,263	12,820	-	-	31,605,083
Debt service:					
Principal	561,616	-	-	-	561,616
Interest	2,387,708	-	1,025,198	-	3,412,906
	<u>45,228,190</u>	<u>184,440</u>	<u>1,025,198</u>	<u>540,697</u>	<u>46,978,525</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,555,520)</u>	<u>42,637</u>	<u>-</u>	<u>(35,588)</u>	<u>(30,548,471)</u>
Other Financing Sources (Uses):					
Lease issued	30,554,194	-	-	-	30,554,194
Transfer in	42,637	-	-	-	42,637
Transfer out	-	(42,637)	-	-	(42,637)
	<u>30,596,831</u>	<u>(42,637)</u>	<u>-</u>	<u>-</u>	<u>30,554,194</u>
Net change in fund balances	41,311	-	-	(35,588)	5,723
Fund Balances, July 1, 2023	<u>440,159</u>	<u>-</u>	<u>-</u>	<u>63,648</u>	<u>503,807</u>
Fund Balances, June 30, 2024	<u>\$ 481,470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,060</u>	<u>\$ 509,530</u>

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

**Lakewood Ranch Preparatory Academy
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024**

Net Change in Fund Balances - Governmental Funds \$ 5,723

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, these costs are allocated over their estimated useful lives as a provision for depreciation and amortization.

Cost of capital assets	\$	31,605,083	
Less provision for depreciation and amortization		<u>(1,855,903)</u>	29,749,180

Principal payments on long-term debt are reported as expenditures in governmental funds, but as a reduction of long-term liabilities in the statement of net position (deficit). 561,616

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position (deficit). (30,554,194)

Certain items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in compensated absences	\$	(7,366)	
Change in accrued interest payable		<u>(336,513)</u>	<u>(343,879)</u>

Change in Net Position of Governmental Activities \$ (581,554)

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

**Lakewood Ranch Preparatory Academy
Statement of Revenues and Expenditures -
Budget and Actual - General Fund
For the Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
State sources	\$ 10,126,311	\$ 10,126,311	\$ 9,561,531	\$ (564,780)
Local sources	2,905,554	2,905,554	4,784,193	1,878,639
Aftercare	368,326	368,326	298,863	(69,463)
Interest income	-	-	28,083	28,083
	<u>13,400,191</u>	<u>13,400,191</u>	<u>14,672,670</u>	<u>1,272,479</u>
Total revenues				
Expenditures:				
Current:				
Instruction	5,292,838	5,292,838	5,947,068	(654,230)
Student support services	500,896	500,896	633,593	(132,697)
Instructional media services	-	-	474	(474)
Instruction and curriculum development	-	-	19,187	(19,187)
Instructional staff training services	35,534	35,534	28,177	7,357
Instruction related technology	247,104	247,104	205,971	41,133
Board	18,315	18,315	86,492	(68,177)
School administration	1,144,229	1,144,229	927,324	216,905
Fiscal services	3,853	3,853	41,698	(37,845)
Food services	-	-	294,903	(294,903)
Central services	156,101	156,101	124,157	31,944
Operation of plant	1,139,614	1,139,614	1,929,337	(789,723)
Maintenance of plant	125,133	125,133	327,375	(202,242)
Community services	74,734	74,734	120,847	(46,113)
Capital outlay	1,591,571	1,591,571	31,592,263	(30,000,692)
Debt service:				
Principal	515,000	515,000	561,616	(46,616)
Interest	2,555,269	2,555,269	2,387,708	167,561
	<u>13,400,191</u>	<u>13,400,191</u>	<u>45,228,190</u>	<u>(31,827,999)</u>
Total expenditures				
Deficiency of revenues under expenditures	-	-	(30,555,520)	(30,555,520)
Other Financing Sources:				
Lease issued	-	-	30,554,194	30,554,194
Transfer in	-	-	42,637	42,637
	<u>-</u>	<u>-</u>	<u>30,596,831</u>	<u>30,596,831</u>
Total other financing sources				
Net change in fund balance	\$ -	\$ -	\$ 41,311	\$ 41,311

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

**Lakewood Ranch Preparatory Academy
Statement of Revenues and Expenditures -
Budget and Actual - Grants Fund
For the Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Federal sources:				
National School Lunch Program	\$ 311,294	\$ 311,294	\$ 133,059	\$ (178,235)
Title II	-	-	4,810	4,810
Title IV	-	-	13,470	13,470
ESSER II	-	-	5,162	5,162
ESSER III	-	-	56,906	56,906
IDEA	-	-	10,012	10,012
State sources:				
National School Lunch Program	-	-	3,658	3,658
Total revenues	<u>311,294</u>	<u>311,294</u>	<u>227,077</u>	<u>(84,217)</u>
Expenditures:				
Instruction	-	-	30,093	(30,093)
Instructional staff training services	-	-	4,810	(4,810)
Food services	280,550	280,550	136,717	143,833
Operation of plant	30,744	30,744	-	30,744
Capital outlay	-	-	12,820	(12,820)
Total expenditures	<u>311,294</u>	<u>311,294</u>	<u>184,440</u>	<u>126,854</u>
Excess of revenues over expenditures	-	-	42,637	42,637
Other Financing Uses:				
Transfer out	-	-	(42,637)	(42,637)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Note 1 - Organization and Operations

The Southwest Charter Foundation, Inc. (the "Foundation"), was organized in September 2001 as a Florida nonprofit corporation. Lakewood Ranch Preparatory Academy (the "School") is a Department of the Foundation and is established as a charter school for students from kindergarten through twelfth grade in Manatee County. There were 1,213 students enrolled for the 2023/2024 school year.

The basic financial statements of the School, a Department of the Foundation, and component unit of the School District present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of the Foundation, as of June 30, 2024, and the changes in its financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring School District, the School Board of Manatee County. The current charter is effective until June 30, 2027, and may be renewed in increments of five years by mutual written agreement between the School and the School District. At the end of the term of the charter, the School District may choose not to renew the charter under grounds specified in the charter in which case the School District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the School District may also terminate the charter if good cause is shown. Lakewood Ranch Preparatory Academy is considered a component unit of the School District.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable which would require inclusion in the School's basic financial statements.

Basis of presentation: The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-wide financial statements: Government-wide financial statements, including the statement of net position (deficit) and the statement of activities, present information about the School as a whole.

Note 2 - Summary of Significant Accounting Policies (continued)

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund financial statements: Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental funds are as follows:

General Fund - This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

Grants Fund - This special revenue fund is used to account for federal grants and certain state grants that are legally restricted to expenditures for particular purposes.

Capital Project Fund - This fund is used to account for state and local capital outlay funding that is legally restricted to expenditures for particular purposes.

Club and Activities Fund - This special revenue fund is used to administer funds raised and earned by the various clubs and activities that are part of the School.

During the course of operations, the School has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in the governmental fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

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

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

Note 2 - Summary of Significant Accounting Policies (continued)

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within one hundred twenty days of the end of the current period. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Cash and cash equivalents: The School considers all demand accounts and short-term investments with a maturity of three months or less when purchased to be cash and cash equivalents. The School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federal insured limit, however, the School is covered by Chapter 280 of the Florida Statutes (Note 3).

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Revenue recognition: Student funding is provided by the State of Florida through the School District. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements. This funding is received on a prorated basis over a twelve month period and is adjusted for changes in full-time equivalent ("FTE") student population.

Income taxes: The School is a department of a nonprofit corporation. Revenue of the School is derived primarily from other governmental entities. The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these basic financial statements.

Capital assets: Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost equal to or greater than \$ 750 and useful life of over one year. Donated property and equipment assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs incurred for repairs and maintenance are expensed/expended as incurred.

Depreciation on all capital assets is provided on the straight-line basis over the estimated useful lives as follows:

Improvements other than buildings	10 years
Furniture, fixtures and equipment	5 years
Computer hardware and software	3 years

Note 2 - Summary of Significant Accounting Policies (continued)

The School has recorded a right-to-use lease asset as required by U.S. GAAP. The right-to-use asset is 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-to-use asset is amortized on a straight-line basis over the life of the related lease.

Deferred outflows/inflows of resources: In addition to assets, the statement of net position will sometimes report 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(s) and so will *not* be 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 net position will sometimes report 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(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Unearned revenue: Unearned revenue arises when the School receives resources before it has a legal claim to them.

Compensated absences: The School's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Payments for compensated absences are generally paid out of the General Fund.

Net position: Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.
- Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - indicates that portion of net position that is available to fund future operations.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then, unrestricted resources as they are needed.

Note 2 - Summary of Significant Accounting Policies (continued)

Fund balance: The governmental fund financial statements present fund balances based on the provisions of U.S. GAAP which provides clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

- **Nonspendable** - this classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted** - this classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.
- **Committed** - this classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.
- **Assigned** - this classification includes amounts that the Board of Directors intends to use for a specific purpose, but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.
- **Unassigned** - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the General Fund.

The details of the fund balances are included in the Governmental Funds Balance Sheet on page 11.

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

Note 2 - Summary of Significant Accounting Policies (continued)

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budget: An operating budget is adopted and maintained by the governing board for all the governmental funds, except for the Club and Activities Fund, pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the basic financial statements. The General Fund’s expenditures exceeded the budget by \$ 31,827,999 which was covered by the proceeds from the issuance of the lease and revenues in excess of the budget.

Reclassification: Certain amounts in the prior year financial statements have been reclassified to conform to the current period presentation.

Date of Management Review: The School has evaluated subsequent events through September 20, 2024, which is the date that the financial statements were available to be issued.

Note 3 - Cash and Cash Equivalents

At June 30, 2024, the carrying amount of the deposits and cash on hand totaled \$ 1,325,692 with bank balance of \$ 1,343,537.

State statutes require, and it is the School’s policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This Statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity’s funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the Treasurer is defined by the Statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School’s deposits of \$ 1,093,537 in excess of the federal insured level of \$ 250,000 are held in a qualified public depository and are covered by the collateral pool, as the School has identified itself as a public entity.

Note 4 - Interfund Receivables and Payables and Interfund Transfers

The composition of interfund balances as of June 30, 2024 is as follows:

Due To/From Other Funds		
Receivable Fund	Payable Fund	Amount
General Fund	Grants Fund	\$ 30,524
General Fund	Club and Activities Fund	4,182
		\$ 34,706

The outstanding balances between funds results mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Lakewood Ranch Preparatory Academy
Notes to Basic Financial Statements
June 30, 2024

Note 4 - Interfund Receivables and Payables and Interfund Transfers (continued)

The composition of interfund transfers for the year ended June 30, 2024, is as follows:

	<u>Transfers In</u> <u>General</u> <u>Fund</u>
Transfers Out:	
Grants Fund	\$ <u><u>42,637</u></u>

During the year, transfers were used to move grant revenue received in the current year for prior year expenditures to the General Fund.

Note 5 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2024, are as follows:

	<u>Balance at</u> <u>July 1,</u> <u>2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30,</u> <u>2024</u>
Capital assets being depreciated/ amortized:				
Improvements other than building	\$ 25,961	\$ 8,012	\$ -	\$ 33,973
Furniture, fixtures and equipment	650,779	177,748	-	828,527
Computer equipment	722,263	834,507	-	1,556,770
Lease assets:				
Building	20,101,015	29,837,929	-	49,938,944
Furniture, fixtures and equipment	-	746,887	-	746,887
	<u>21,500,018</u>	<u>31,605,083</u>	<u>-</u>	<u>53,105,101</u>
Total capital assets being depreciated/amortized				
Accumulated depreciation/ amortization:				
Improvements other than building	2,380	3,130	-	5,510
Furniture, fixtures and equipment	113,606	218,141	-	331,747
Computer equipment	216,289	495,498	-	711,787
Lease assets:				
Building	39,052	1,057,617	-	1,096,669
Furniture, fixtures and equipment	-	81,517	-	81,517
	<u>371,327</u>	<u>1,855,903</u>	<u>-</u>	<u>2,227,230</u>
Total accumulated depreciation/ amortization				
Net capital assets being depreciated/amortized	\$ <u><u>21,128,691</u></u>	\$ <u><u>29,749,180</u></u>	\$ <u><u>-</u></u>	\$ <u><u>50,877,871</u></u>

Provision for depreciation and amortization was charged to governmental activities as follows:

Instruction	\$ 795,156
Operation of plant	<u>1,060,747</u>
Total	\$ <u><u>1,855,903</u></u>

Note 6 – Lease Payables

In May 2023, the Capital Projects Finance Authority (the “Authority”) issued \$ 45,610,000 in Tax-Exempt Educational Facilities Revenue Bonds, Series 2023A and \$ 9,730,000 in Taxable Educational Facilities Revenue Bonds, Series 2023B pursuant to an Indenture of Trust between the Authority and a trustee to make a loan to the Foundation, a division of which the School exists, and Red Apple Development, LLC and Subsidiaries (“RAD”) to finance the acquisition of the facilities for a charter school existing under the Foundation.

In September 2023, the Authority issued an additional \$ 27,025,000 in Tax-Exempt Educational Facilities Revenue Bonds, Series 2023A-2 and \$ 5,130,000 Taxable Educational Facilities Revenue Bonds, Series 2023B-2 pursuant to an Indenture of Trust between the Authority and a trustee to make a loan to the Foundation, a division of which the School exists, and RAD to finance the acquisition of the facilities for a charter school existing under the Foundation.

In order to secure the payment of the principal and interest on the bonds, the Authority assigned all if its rights and interest in the loan agreements to the trustee. The bonds are payable from and secured by a lien upon and pledge of payments to be received by the trustee.

Concurrent with the preceding loan transactions, RAD, through its wholly-owned subsidiaries, entered into a lease agreement with the Foundation. The facilities which are owned by RAD are leased by the Foundation on behalf of the School under a 45-year lease. The lease is deemed to be an intangible right to use lease and the lease payments are based on the debt service requirements of the bonds which extend through June 2030. These payments are made from the revenues received from the School Board of Manatee County for the operation of the School. The Foundation is obligated under the Indenture to deposit all Charter revenues received from the School Board and additional revenues, if any, directly with the trustee during the term of the lease. The payments are applied by the trustee to make sinking fund payments and pay for operating expenses.

The lease is through June 2068 and requires debt service payments through June 2030.

Future minimum payments required under the School’s building lease at June 30, 2024, are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 505,000	\$ 4,028,208	\$ 4,533,208
2026	540,000	3,987,412	4,527,412
2027	585,000	3,943,435	4,528,435
2028	635,000	3,896,084	4,531,084
2029	685,000	3,884,548	4,569,548
2030	47,846,792	3,789,029	51,635,821
	<u>\$ 50,796,792</u>	<u>\$ 23,528,716</u>	<u>\$ 74,325,508</u>

In addition to the lease payments, the School is required to pay incremental rent payments to RAD. The incremental monthly rent payments range from approximately \$ 23,000 for fiscal year 2025 to \$ 478,300 for fiscal year 2029. These incremental rent payments are contingent upon the School having available revenues. For the year ended June 30, 2024, \$ 374,282 was paid in incremental rent.

Lakewood Ranch Preparatory Academy
Notes to Basic Financial Statements
June 30, 2024

Note 6 – Lease Payables (continued)

During the year, the School entered into a lease arrangement for certain furniture, fixtures and equipment. The lease requires monthly payments of \$ 18,615, including interest at 9.53%. Principal and interest payments are due through March 2028. The following is a schedule of the School’s future lease payments as of June 30, 2024, in connection with this lease:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 162,767	\$ 60,613	\$ 223,380
2026	179,217	44,163	223,380
2027	197,329	26,051	223,380
2028	160,958	6,578	167,536
	<u>\$ 700,271</u>	<u>\$ 137,405</u>	<u>\$ 837,676</u>

Note 7 - Long-Term Liabilities

Changes in the School’s long-term liabilities for the fiscal year ended June 30, 2024, are as follows:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2024</u>	<u>Due Within 1 Year</u>
Lease - building	\$ 21,504,485	\$ 29,807,307	\$ 515,000	\$ 50,796,792	\$ 505,000
Lease - furniture, fixtures, and equipment	-	746,887	46,616	700,271	162,767
Compensated absences	42,592	124,866	117,500	49,958	37,469
Total	<u>\$ 21,547,077</u>	<u>\$ 30,679,060</u>	<u>\$ 679,116</u>	<u>\$ 51,547,021</u>	<u>\$ 705,236</u>

Note 8 - Employee Benefit Plan

During the year ended June 30, 2024, the School offered all of its full-time employees who had attained 21 years of age, a retirement plan (the “Plan”) under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant’s annual elective deferral to the Plan. As determined annually by the School’s management, the School may also make a discretionary profit sharing contribution, which is allocated among the participants based on a pro rata formula. Participants are immediately vested in their own contributions and earnings on those contributions. Participants become vested in School contributions and earnings on School contributions according to the following schedule:

<u>Years of Service</u>	<u>Vesting Percentage</u>
1	25%
2	50%
3	75%
4	100%

Note 8 - Employee Benefit Plan (continued)

Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce any employer contribution. For the Plan year ended December 31, 2023, the School had \$ 1,953 in forfeitures. For the year ended June 30, 2024, the School contributed a matching amount of \$ 29,000.

Note 9 - Commitments

Management agreement: The School has a formal agreement with Charter Schools USA at LWR, LLC ("CSUSA") to manage, staff and operate the School. The agreement states that CSUSA shall be entitled to cost reimbursements and management fees (the "fee") for its services, subject to availability of funds. The fee is subordinated to all lease payment requirements (Note 6). CSUSA did not receive a fee for the year ended June 30, 2024 and CSUSA contributed \$ 2,950,732 to the School. The agreement calls for fees that range from \$ 102,969 for fiscal year 2026 to \$ 6,583,432 for fiscal year 2068 as defined in the agreement or the budgeted amount approved by the Board of Directors based on enrollment and School performance.

The School has an amount of \$ 742,010 due to CSUSA at June 30, 2024 for expenses paid on behalf of the School.

Post-employment benefits: The School does not provide post-employment benefits to retired employees.

Note 10 - Capital Appropriations Funding

The Florida Department of Education has approved a Charter School Capital Outlay ("CSCO") award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes, those funds are allocated among eligible charter schools. The funds for the School's allocation are transferred to the School once a CSCO Plan has been provided to and approved by the sponsoring district. The School's CSCO Award totaled \$ 720,966 for the 2023/2024 school year, which has been recognized as revenue in the accompanying financial statements. If the CSCO funds are used to acquire tangible property assets, the School Board has a reversionary interest in those assets. In the event of nonrenewal termination or breach of the charter school agreement, ownership of the assets would automatically revert to the School Board. The School has elected to use these funds to pay its portion of the interest expense on the facility.

Local Capital Improvement Revenue ("LCIR") funds are also appropriated by the School Board for charter school capital outlay purposes, with funds being allocated among eligible charter schools in a similar manner to the CSCO award. The School's LCIR Award totaled \$ 304,232 for the 2023/2024 school year, which has been recognized as revenue in the accompanying financial statements.

Note 11 - Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There have been no claims in excess of insurance coverage limits during the past two years.

As disclosed in Note 9, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers' compensation claims for these individuals. In addition, CSUSA carries all required insurance including, but not limited to, general liability and errors and omissions insurance.

**OTHER INDEPENDENT
AUDITOR'S REPORTS**

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

To the Board of Directors
Lakewood Ranch Preparatory Academy
Lakewood Ranch, 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 Lakewood Ranch Preparatory Academy (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School Board of Manatee County, Florida, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 20, 2024.

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 have not been identified.

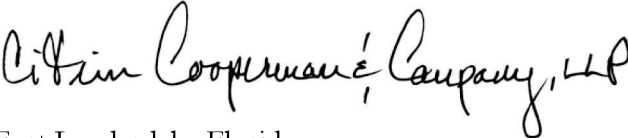
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Report on Compliance and Other Matters

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

Purpose of this Report

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



Fort Lauderdale, Florida
September 20, 2024

MANAGEMENT LETTER REQUIRED BY CHAPTER 10.850 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Board of Directors
Lakewood Ranch Preparatory Academy
Lakewood Ranch, Florida

Report on the Financial Statements

We have audited the financial statements of Lakewood Ranch Preparatory Academy, Florida, (the "School"), as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated September 20, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 20, 2024, 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 financial audit report. There were no findings or recommendations made in the preceding financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Lakewood Ranch Preparatory Academy and 412182.

Financial Condition and Management

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

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

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

Transparency

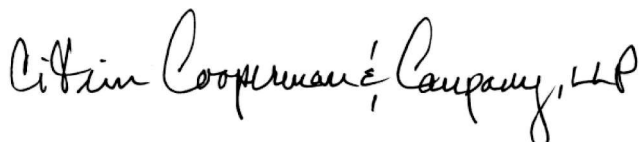
Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Fort Lauderdale, Florida
September 20, 2024