G-Star School of the Arts, Inc.

Basic Financial Statements
and Supplementary Information
For the Year Ended June 30, 2025

G-Star School of the Arts, Inc.

Table of Contents

G-Star School of the Arts, Inc.

Table of Contents
(Continued)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
G-Star School of the Arts, Inc.
Palm Springs, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the G-Star School of the Arts, Inc. (the "School") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements 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, the business-type activities and each major fund of the School, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNL). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.

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 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, the budgetary comparison information on pages 37 and 38, and the schedules related to pensions and other post-employment benefits on pages 39 through 42 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.

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We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 January 28, 2026, 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.

Citrin Cooperman & Company, LLP

Fort Lauderdale, Florida
January 28, 2026

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of G-Star School of the Arts, Inc. (the "School) 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, 2025 and 2024.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the 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.

Financial Highlights

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

- As of June 30, 2025, the School's governmental fund balances were $ 399,496 as compared to $ 389,474 as of June 30, 2024.
- As of June 30, 2025, the School's net position for business-type activities was $ 66,424 as compared to $ 37,841 as of June 30, 2024.
- As of June 30, 2025 the School had net position (deficit) for governmental activities of $ (3,651,771) as compared to $ (3,166,931) as of June 30, 2024.

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 financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

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

The statement of net position (deficit) presents information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position (deficit). 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).

Both of the government-wide financial statements distinguish functions of the School that are principally supported by intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the School include instruction, instructional support services and non-instructional services. The business-type activities of the School include operation of a sound stage and motion picture productions.

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

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as 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 funds balance sheet and the governmental funds 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 funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The General Fund, Grants Fund, Capital Project 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 Capital Project Fund and the Club and Activities Fund. A budgetary comparison schedule 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 12 through 15 of this report.

Proprietary Fund: The School has one proprietary fund, which is an enterprise fund. An e*nterprise fund* is used to report the same functions presented as business-type activities in the government-wide financial statements. The School uses the enterprise fund to account for the operations of their sound stage and motion picture productions.

The proprietary fund financial statements can be found on pages 16 through 18 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 19 through 36 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, the combined liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $ 3,585,347 at the close of the most recent fiscal year.

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

G-Star School of the Arts, Inc.
Net Position (Deficit)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 1,068,557	$ 1,138,666	$ 66,424	$ 37,841	$ 1,134,981	$ 1,176,507
Capital assets, net	4,706,066	5,014,592	-	-	4,706,066	5,014,592
Total assets	5,774,623	6,153,258	66,424	37,841	5,841,047	6,191,099
Deferred outflows of resources	1,249,492	1,508,333	-	-	1,249,492	1,508,333
Current liabilities	866,851	842,111	-	-	866,851	842,111
Other long-term liabilities outstanding	8,941,927	9,595,711	-	-	8,941,927	9,595,711
Total liabilities	9,808,778	10,437,822	-	-	9,808,778	10,437,822
Deferred inflows of resources	867,108	390,700	-	-	867,108	390,700
Net position (deficit):						
Net investment in capital assets	(380,446)	(297,084)	-	-	(380,446)	(297,084)
Restricted	51,735	33,379	-	-	51,735	33,379
Unrestricted (deficit)	(3,323,060)	(2,903,226)	66,424	37,841	(3,256,636)	(2,865,385)
Total net position (deficit)	$ (3,651,771)	$ (3,166,931)	$ 66,424	$ 37,841	$ (3,585,347)	$ (3,129,090)

Governmental Activities - Current and other assets decreased due to a drop in the School's cash position. Capital assets, net of depreciation decreased due to depreciation expense of $ 444,790 offset by the addition of $ 136,264 in capital assets. Current liabilities increased mainly due to an increase in accounts payable. Noncurrent liabilities decreased due to payments on the School's debt.

Business-type Activities - Current and other assets as presented above rose due to a decrease in the internal balance due to the general fund; this was offset by a drop in the Movie Production Fund's cash position.

Government-wide Activities: The School's overall net position (deficit) decreased $ 456,257 from the prior fiscal year. The reasons for this overall decrease are discussed in the following section for governmental activities.

G-Star School of the Arts, Inc.
Change in Net Position (Deficit)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ -	$ -	$ 204,360	$ 205,591	$ 204,360	$ 205,591
Operating grants and contributions	471,622	1,206,680	-	-	471,622	1,206,680
Capital grants and contributions	831,241	570,494	-	-	831,241	570,494
General revenues:						
FTE and other nonspecific revenues	7,389,332	9,087,227	-	-	7,389,332	9,087,227
Interest income (loss)	503	1,105	-	219	503	1,324
Change in SWAP value	(108,708)	-	-	-	(108,708)	-
Other income	100,004	(24,267)		-	100,004	(24,267)
Total revenues	8,683,994	10,841,239	204,360	205,810	8,888,354	11,047,049
Expenses:						
Instructional	4,963,357	5,749,181	-	-	4,963,357	5,749,181
Student support services	382,403	426,254	-	-	382,403	426,254
Instructional media services	-	334	-	-	-	334
Instruction and curriculum development services	-	6,180	-	-	-	6,180
Instructional staff training services	22,709	21,515	-	-	22,709	21,515
Instruction related technology	150,855	98,473	-	-	150,855	98,473
Board	168,180	81,618	-	-	168,180	81,618
School administration	1,120,863	1,475,701	-	-	1,120,863	1,475,701
Fiscal services	11,501	64,557	-	-	11,501	64,557
Food services	256	-	-	-	256	-
Central services	46,705	279,359	-	-	46,705	279,359
Transportation services	622,679	559,363	-	-	622,679	559,363
Operation of plant	1,051,165	1,224,978	-	-	1,051,165	1,224,978
Maintenance of plant	312,715	293,311	-	-	312,715	293,311
Extracurricular activities	137,928	141,426	-	-	137,928	141,426
Interest and other charges	177,518	193,927	-	-	177,518	193,927
Motion picture productions	-	-	175,777	167,969	175,777	167,969
Total expenses	9,168,834	10,616,177	175,777	167,969	9,344,611	10,784,146
Change in net position (deficit)	(484,840)	225,062	28,583	37,841	(456,257)	262,903
Net position (deficit), July 1,	(3,166,931)	(3,391,993)	37,841	-	(3,129,090)	(3,391,993)
Net position (deficit), June 30	$ (3,651,771)	$ (3,166,931)	$ 66,424	$ 37,841	$ (3,585,347)	$ (3,129,090)

Governmental Activities - The program revenues decreased compared to the previous year due to a drop in ESSER III grant funding offset by an increase in capital outlay funding. General revenues decreased primarily due to a decline in referendum revenues. Total expenses decreased due to declining instructional costs, school administration, central services, and operation of plant.

Business-type Activities - Total revenues decreased slightly due to a decline in rental income. Total expenses increased slightly due to motion picture productions.

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 $ 209,686, while total fund balance fell to $ 347,761. 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 2.6% of total General Fund expenditures, while total fund balance represents 4.4% of that same amount.

The fund balance of the School's General Fund decreased by $ 8,334 during the current fiscal year. The decrease was due primarily due to a decline in referendum revenues.

The Grants Fund does not 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 does not 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 an increase in fund balance during the current fiscal year due to increased extracurricular revenues.

Capital Assets and Debt Administration

Capital assets: At June 30, 2025, the School had capital assets of $ 4,706,066, net of accumulated depreciation and amortization, invested in lease assets, land, buildings and improvements, and furniture, fixtures and equipment. Major capital assets additions for the year included $ 136,264 for a basketball court and other improvements and furniture, fixtures and equipment. Additional information on the School's capital assets can be found in Note 5 of this report.

Debt: At June 30, 2025, the School had outstanding debt of $ 5,372,512, as compared to $ 5,311,676 at June 30, 2024. The net increase is mainly a result of the new notes payable. Additional information on the School's debt can be found in Notes 6 through 9 of this report.

General Fund Budgetary Highlights

State source revenues were came in below budget projections due to student count. Local source revenues increased relative to budget due to referendum funding. Expenditures were unfavorable to the budget primarily due to instruction, student support services, board, school administration, transportation services, and capital outlay expenditures.

Economic Factors and Next Year's Budget

In fiscal year 2025, the State of Florida continued to include a teacher salary increase allocation (TSIA) of $ 1.25 billion. The capital outlay funding pool ended up at $ 230 million.

For fiscal year 2026, the funding for teacher salaries and other instructional personnel will be $ 1.36 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 any questions about this report or need additional information, please write Michael Valdes, Controller - School Accounting; Charter Schools USA, 800 Corporate Drive, Suite 700, Fort Lauderdale, Florida 33308.

BASIC
FINANCIAL STATEMENTS

G-Star School of the Arts, Inc.
Statement of Net Position (Deficit)
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
Current Assets:			
Cash and cash equivalents	$ 335,113	$ 232,543	$ 567,656
Due from other governments	58,018	-	58,018
Due from management company	244,490	-	244,490
Other receivables	58,587	-	58,587
Internal balances	166,119	(166,119)	-
Prepaid items	132,488	-	132,488
Deposits	5,587	-	5,587
Total current assets	1,000,402	66,424	1,066,826
Noncurrent Assets:			
Asset associated with interest rate swap	68,155	-	68,155
Capital assets not being depreciated	1,456,929	-	1,456,929
Capital assets, net of accumulated depreciation/amortization	3,249,137	-	3,249,137
Total noncurrent assets	4,774,221	-	4,774,221
Total assets	5,774,623	66,424	5,841,047
Deferred Outflows of Resources:			
Pension related	1,249,492	-	1,249,492
Current Liabilities:			
Accounts payable and accrued liabilities	398,898	-	398,898
Salaries and wages payable	202,008	-	202,008
Accrued interest payable	16,378	-	16,378
Compensated absences	29,853	-	29,853
Lease payable	2,653	-	2,653
Bonds payable	217,061	-	217,061
Total current liabilities	866,851	-	866,851
Noncurrent Liabilities:			
Net pension liability	3,779,178	-	3,779,178
Compensated absences	9,951	-	9,951
Note payable	286,000		286,000
Bonds payable, net	4,866,798	-	4,866,798
Total noncurrent liabilities	8,941,927	-	8,941,927
Total liabilities	9,808,778	-	9,808,778
Deferred Inflows of Resources:			
Pension related	867,108	-	867,108
Net Position (Deficit):			
Net investment in capital assets	(380,446)	-	(380,446)
Restricted for extracurricular activities	51,735	-	51,735
Unrestricted (deficit)	(3,323,060)	66,424	(3,256,636)
Total net position (deficit)	$ (3,651,771)	$ 66,424	$ (3,585,347)

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

G-Star School of the Arts, Inc.
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position (Deficit): Governmental Activities	Net (Expense) Revenue and Changes in Net Position (Deficit): Business-type Activities	Total
Governmental activities:							
Instruction	$ 4,963,357	$ -	$ 121,382	$ -	$ (4,841,975)	$ -	$ (4,841,975)
Student support services	382,403	-	13,700	-	(368,703)	-	(368,703)
Instructional staff training services	22,709	-	-	-	(22,709)	-	(22,709)
Instruction related technology	150,855	-	-	-	(150,855)	-	(150,855)
Board	168,180	-	-	-	(168,180)	-	(168,180)
School administration	1,120,863	-	664	-	(1,120,199)	-	(1,120,199)
Fiscal services	11,501	-	-	-	(11,501)	-	(11,501)
Food services	256	-	-	-	(256)	-	(256)
Central services	46,705	-	-	-	(46,705)	-	(46,705)
Transportation services	622,679	-	145,073	-	(477,606)	-	(477,606)
Operation of plant	1,051,165	-	34,642	653,723	(362,800)	-	(362,800)
Maintenance of plant	312,715	-	-	-	(312,715)	-	(312,715)
Extracurricular activities	137,928	-	156,161	-	18,233	-	18,233
Interest on long-term debt	177,518	-	-	177,518	-	-	-
Total governmental activities	9,168,834	-	471,622	831,241	(7,865,971)	-	(7,865,971)
Business-type activities:							
Motion picture productions	175,777	204,360	-	-	-	28,583	28,583
Total business-type activities	175,777	204,360	-	-	-	28,583	28,583
Total primary government	$ 9,344,611	$ 204,360	$ 471,622	$ 831,241	(7,865,971)	28,583	(7,837,388)
General revenues:							
FTE and other nonspecific revenues					7,389,332	-	7,389,332
Interest income					503	-	503
Change in SWAP Value					(108,708)	-	(108,708)
Other income					100,004	-	100,004
Total general revenues					7,381,131	-	7,381,131
Change in net position (deficit)					(484,840)	28,583	(456,257)
Net position (deficit), July 1, 2024					(3,166,931)	37,841	(3,129,090)
Net position (deficit), June 30, 2025					$ (3,651,771)	$ 66,424	$ (3,585,347)

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

G-Star School of the Arts, Inc.
Balance Sheet - Governmental Funds
June 30, 2025

	General Fund	Grants Fund	Capital Project Fund	Club and Activities Fund	Total
Assets:					
Cash and cash equivalents	$ 235,512	$ -	$ -	$ 99,601	$ 335,113
Due from other governments	-	21,163	36,855	-	58,018
Due from management company	244,490	-	-	-	244,490
Other receivables	58,587	-	-	-	58,587
Due from other funds	272,003	-	-	-	272,003
Prepaid items	132,488	-	-	-	132,488
Deposits	5,587	-	-	-	5,587
Total assets	$ 948,667	$ 21,163	$ 36,855	$ 99,601	$ 1,106,286
Liabilities:					
Accounts payable and accrued liabilities	$ 398,898	$ -	$ -	$ -	$ 398,898
Salaries and wages payable	202,008	-	-	-	202,008
Due to other funds	-	21,163	36,855	47,866	105,884
Total liabilities	600,906	21,163	36,855	47,866	706,790
Fund Balances:					
Nonspendable:					
Prepaid items	132,488	-	-	-	132,488
Deposits	5,587	-	-	-	5,587
Restricted for extracurricular activities	-	-	-	51,735	51,735
Unassigned	209,686	-	-	-	209,686
Total fund balances	347,761	-	-	51,735	399,496
Total liabilities and fund balances	$ 948,667	$ 21,163	$ 36,855	$ 99,601	$ 1,106,286

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

G-Star School of the Arts, Inc.
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position (Deficit)
June 30, 2025

Total Fund Balances - Governmental Funds			$	399,496
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 funds. 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.				
Capital outlays	$	10,554,820		
Depreciation and amortization		(5,848,754)		4,706,066
Long-term assets are not available to pay for current period expenditures and, therefore, are not recorded in the funds:				
Asset associated with interest rate swap				68,155
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.				
Accrued interest payable	$	(16,378)		
Compensated absences		(39,804)		
Lease payable		(2,653)		
Note payable		(286,000)		
Bonds payable, net		(5,083,859)		
Net pension liability		(3,779,178)		
Deferred outflows of resources		1,249,492		
Deferred inflows of resources		(867,108)		(8,825,488)
Net Position (Deficit) of Governmental Activities			$	(3,651,771)

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

G-Star School of the Arts, Inc.
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2025

	General Fund	Grants Fund	Capital Project Fund	Club and Activities Fund	Total
Revenues:					
Federal through state	$ -	$ 135,746	$ -	$ -	$ 135,746
State sources	6,260,616	-	438,887	-	6,699,503
Local sources	1,408,435	-	392,354	156,161	1,956,950
Interest income	380	-	-	123	503
Total revenues	7,669,431	135,746	831,241	156,284	8,792,702
Expenditures:					
Instruction	4,640,997	121,382	-	-	4,762,379
Student support services	366,821	13,700	-	-	380,521
Instructional staff training services	22,709	-	-	-	22,709
Instruction related technology	150,855		-	-	150,855
Board	168,180	-	-	-	168,180
School administration	1,117,151	664	-	-	1,117,815
Fiscal services	11,501	-	-	-	11,501
Food services	256	-	-	-	256
Central services	46,705	-	-	-	46,705
Transportation services	622,679	-	-	-	622,679
Operation of plant	366,932	-	428,559	-	795,491
Maintenance of plant	312,715	-	-	-	312,715
Extracurricular activities	-	-	-	137,928	137,928
Capital outlay	136,264	-	-	-	136,264
Debt service:					
Principal	-	-	225,164	-	225,164
Interest	-	-	177,518	-	177,518
Total expenditures	7,963,765	135,746	831,241	137,928	9,068,680
Excess (deficiency) of revenues over (under) expenditures	(294,334)	-	-	18,356	(275,978)
Other Financing Sources:					
Proceeds from note payable	286,000	-	-	-	286,000
Net change in fund balances	(8,334)	-	-	18,356	10,022
Fund Balances, July 1, 2024	356,095	-	-	33,379	389,474
Fund Balances, June 30, 2025	$ 347,761	$ -	$ -	$ 51,735	$ 399,496

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

G-Star School of the Arts, Inc.
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of the Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Net Change in Fund Balances - Governmental Fund			$	10,022
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 depreciation and amortization.				
Capital outlays	$	136,264		
Depreciation and amortization		(444,790)		(308,526)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position (deficit).				(286,000)
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).				225,164
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 fair value under interest rate swap	$	(108,708)		
Change in net pension liability		720,607		
Changes in deferred outflows		(258,841)		
Change in deferred inflows		(476,408)		
Change in compensated absences		(2,150)		(125,500)
Change in Net Position of Governmental Activities			$	(484,840)

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

G-Star School of the Arts, Inc.
Statement of Net Position - Proprietary Fund
June 30, 2025

	Movie Production Fund
Assets:	
Current assets:	
Cash and cash equivalents	$ 232,543
Total current assets	$ 232,543
Liabilities	
Due to other funds	$ 166,119
Total liabilities	$ 166,119
Net Position:	
Unrestricted	$ 66,424
Total net position	$ 66,424

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

G-Star School of the Arts, Inc.
Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Fund
For the Year Ended June 30, 2025

		Movie Production Fund
Operating Revenues:		
Charges for services	$	204,360
Total operating revenues		204,360
Operating Expenses:		
Salaries		36,154
Utilities		33,338
Maintenance		36,623
Rent		40,623
Insurance		17,571
Materials		2,801
Sales tax		8,667
Total operating expenses		175,777
Operating income		28,583
Net Position - July 1, 2024		37,841
Net Position - June 30, 2025	$	66,424

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

G-Star School of the Arts, Inc.
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2025

		Movie Production Fund
Cash Flows from Operating Activities:		
Cash received from customers	$	204,360
Cash paid for goods and services		(175,777)
Net cash provided by operating activities		28,583
Noncapital Financing Activities:		
Transfers out of fund, net		(112,811)
Net cash used in noncapital financing activities		(112,811)
Net decrease in cash and cash equivalents		(84,228)
Cash and cash equivalents - July 1, 2024		316,771
Cash and cash equivalents - June 30, 2025	$	232,543

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

Note 1 - Organization and Operations

G-Star School of the Arts, Inc. (the "School") is a not-for-profit public, charter high school that was established in 2003 in Palm Beach County. A central component of the School's vision is to create an on-going and self-sustaining feature-film industry in Palm Beach County and South Florida. In this way the School's students will go on to graduate from college and return to be employed in a film industry that the School has helped develop. The School's students are intended to be the future writers, directors, producers, actors, editors, and crew for that industry. The School develops the film industry with the purpose of employing its students after they graduate from college. The governing body of the School is the not-for-profit corporation Board of Directors. There were 700 students enrolled for the 2024/2025 school year.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring school board, the School Board of Palm Beach County (the "School Board"). The current charter is effective until June 30, 2032 and may be renewed in minimum terms of five years by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case, the School Board 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 Board may also terminate the charter if good cause is shown.

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 ("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.

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 and business-type 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.

Note 2 - Summary of Significant Accounting Policies (continued)

Fund financial statements: Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental and enterprise 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 but restricted for use in the extracurricular activities.

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

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 and proprietary fund financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 and twenty days of the end of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source.

Note 2 - Summary of Significant Accounting Policies (continued)

All other revenue items are considered to be measurable and available only when cash is received by the School. 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.

Student funding is provided by the State of Florida through the School Board. 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.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund is rental income for studio space. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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’s deposits are collateralized in accordance with 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.

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 fixed assets. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Buildings and improvements	30-40 years
Furniture, fixtures and equipment	5-20 years

The School has recorded a right-to-use lease asset as required by 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 (deficit) 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 assets that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School has deferred outflows relating to the net pension liability that qualify for reporting in this category (Note 10).

Note 2 - Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of net position (deficit) 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 assets that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The School has deferred inflows relating to the net pension liability that qualify for reporting in this category (Note 10).

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 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 (deficit) – the residual portion of net position that does not meet the definition of the other two categories.

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.

Fund balance: The governmental fund financial statements present fund balances based on the provisions of 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.

Note 2 - Summary of Significant Accounting Policies (continued)

- 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 12.

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.

Budget: An operating budget is adopted and maintained by the governing board for all governmental funds, except the Capital Project Fund and 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 financial statements.

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

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.

Adoption of new accounting standards: During the year ended June 30, 2025, the School implemented GASB Statement No. 101, *Compensated Absences*, which revisits the definition and recognition parameters of accrued employee paid time off. The School also implemented GASB Statement No. 102, *Certain Risk Disclosures*, which addresses obligations for governmental entities to disclose a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. There were no changes required to the financials of the School as a result of the adoption of these standards.

Date of management review: The School has evaluated subsequent events through January 28, 2026, which is the date the financial statements were available to be issued.

Note 3 - Cash and Cash Equivalents

At June 30, 2025, the carrying amount of the deposits and cash on hand totaled $ 567,656 with bank balances of $ 565,291.

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 the reporting requirements of the qualified public depositor to the Treasurer is defined by 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 $ 315,291 in excess of the federal insured level of $ 250,000 are held in a qualified public depository and are covered by the collateral pool held in the name of the financial institution's trust department or agent but not in the School's name.

Note 4 - Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2025, is as follows:

Due To/From Other Funds			
Receivable Fund	Payable Fund		Amount
General Fund	Grants Fund	$	21,163
General Fund	Capital Project Fund		36,855
General Fund	Club and Activities Fund		47,866
General Fund	Movie Production Fund		166,119
		$	272,003

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.

Note 5 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2025, are as follows:

	Balance at July 1, 2024	Additions	Deletions	Balance at June 30, 2025
Governmental Activities:				
Capital assets not being depreciated/ amortized:				
Land	$ 1,456,929	$ -	$ -	$ 1,456,929
Total capital assets, not being depreciated/amortized	1,456,929	-	-	1,456,929
Capital assets being depreciated/ amortized:				
Buildings and improvements	7,246,966	49,610	-	7,296,576
Furniture, fixtures and equipment	1,647,914	86,654	-	1,734,568
Lease assets:				
Furniture, fixtures and equipment	66,747	-	-	66,747
Total capital assets being depreciated/amortized	8,961,627	136,264	-	9,097,891
Less accumulated depreciation/ amortization for:				
Buildings and improvements	4,037,312	255,674	-	4,292,986
Furniture, fixtures and equipment	1,313,254	175,767	-	1,489,021
Lease assets:				
Furniture, fixtures and equipment	53,398	13,349	-	66,747
Total accumulated depreciation/amortization	5,403,964	444,790	-	5,848,754
Total capital assets being depreciated/amortized, net	3,557,663	(308,526)	-	3,249,137
Governmental activities capital assets, net	$ 5,014,592	$ (308,526)	$ -	$ 4,706,066

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

Instruction	$ 189,116
Operation of plant	255,674
	$ 444,790

Note 6 - Bonds Payable

Previously, Palm Beach County issued $ 6,315,000 in Tax Exempt Industrial Revenue Bonds, Series 2017A pursuant to an Indenture of Trust between the County and the School to make a loan to the School to refinance the School's obligations for a promissory note, refund the Bond Series 2005A and finance the acquisition of information technology equipment. The School pays interest at a variable rate with monthly principal and interest payments through maturity date of November 2042. The Bond is secured by a mortgage on the School's property and buildings.

Using the interest rate of 3.359% currently in place, the School's annual debt service requirements to maturity for the Series 2017A Bond are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 217,061	$ 169,174	$ 386,235
2027	224,640	161,643	386,283
2028	232,057	147,916	379,973
2029	240,586	144,458	385,044
2030	248,987	136,248	385,235
2031-2035	1,381,211	547,737	1,928,948
2036-2040	1,639,807	295,021	1,934,828
2041-2043	899,510	38,181	937,691
	$ 5,083,859	$ 1,640,378	$ 6,724,237

In conjunction with the Series 2017A bond payable above, the School entered into an interest rate swap agreement (the "Swap") with Professional Bank that expires in October 2027. The Swap effectively converts the variable interest rate of the bond to a fixed rate. The fixed rate being paid to the bank is 3.359%, while the payment received from the bank is based on a set percentage of the one-month SOFR rate plus an additional percentage.

The fair value benefit (obligation) of the Swap is based on a quote obtained from Center State Bank, which was quoted at $ 68,155 as of June 30, 2025, and is included as a noncurrent asset in the statement of net position (deficit). This value would have been realized (incurred) had the School elected to close this transaction at June 30, 2025. However, it is management's intention to carry this transaction through maturity. The decrease in net position in connection with the Series 2017A Bond and interest rate swap agreement amounted to $ 108,708 for the year ended June 30, 2025.

In connection with the Series 2017A Bond, payable, the School's agreement contains a number of restrictive covenants. Among other provisions, the agreement requires a minimum debt service coverage ratio of 1.15. The School was not in compliance with this covenant for the year ended June 30, 2025. Subsequent to year-end, the loan was purchased by another entity (See Note 14).

Note 7 - Note Payable

During the year, in order to assist with short-term cash flow needs, the School entered into a promissory note payable agreement for $ 286,000 which accrues interest at an annual rate of 6%. The note matures in full in January 2028, at which time the entire principal balance and all accrued interest shall become due.

Note 8 - Lease Payable

Previously, the School entered into a lease arrangement for computer equipment. The lease requires monthly payments of $ 1,348 through August 2025.

Future minimum payments at June 30, 2025, are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 2,653	$ 23	$ 2,676
	$ 2,653	$ 23	$ 2,676

Note 9 - Long-Term Liabilities

Changes in the School's long-term liabilities for the fiscal year ended June 30, 2025, are as follows:

	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025	Amount Due Within One Year
Series 2017 Industrial Revenue Bonds	$ 5,293,596	$ -	$ 209,737	$ 5,083,859	$ 217,061
Lease - computer equipment	18,080	-	15,427	2,653	2,653
Note Payable	-	286,000	-	286,000	-
Net pension liability	4,499,785	-	720,607	3,779,178	-
Compensated absences	37,654	2,150 *	-	39,804	29,853
	$ 9,849,115	$ 288,150	$ 945,771	$ 9,191,494	$ 249,567

* Change in compensated absences above is a net change for the year.

Note 10 - Employee Benefit Plans

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan Chapter 112, Florida Statutes, established the Health Insurance Subsidy ("HIS") Program, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Note 10 - Employee Benefit Plans (continued)

Essentially all regular employees of the School are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership applicable to the School are as follows:

- *Regular Class* - Members of the FRS who do not qualify for membership in the other classes.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members , enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

Note 10 - Employee Benefit Plans (continued)

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before August 1, 2011, and all service credit was accrued before August 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before August 1, 2011, and has service credit on or after August 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a promotion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2023-24 fiscal year were as follows:

Class	Employee	Employer (1)
FRS, Regular employees	3.00	11.30

Notes: (1) Employer rates include 2.00 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the School reported a liability of $ 2,187,709 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. The School's proportionate share of the net pension liability was based on the School's 2023-2024 fiscal year contributions relative to the total 2023-2024 fiscal year contributions of all participating members. At June 30, 2024, the School's proportionate share was .005655231 percent, which was a decrease of .000925756 percent from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the School recognized pension expense of $ 317,929. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 221,017	$ -
Change of assumptions	299,846	-
Net difference between projected and actual earnings on FRS Plan investments	-	(145,407)
Changes in proportion and differences between School FRS contributions and proportionate share of contributions	219,822	(286,220)
School FRS contributions subsequent to the measurement date	208,618	-
Total	$ 949,303	$ (431,627)

Note 10 - Employee Benefit Plans (continued)

The deferred outflows of resources related to employer contributions paid subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2026	$ (33,981)
2027	392,604
2028	(212)
2029	(52,499)
2030	3,146
	$ 309,058

Actuarial Assumptions. The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.50 percent, average, including inflation
Investment rate of return	6.70 percent, net of pension plan investment expense, including inflation
Actuarial cost method	Individual entry age
Mortality rates	PUB2010 base table projected generationally with Scale MP-2021

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023. The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.1%
Fixed income	29.0%	5.7%	5.6%	3.9%
Global equity	45.0%	8.6%	7.0%	18.2%
Real estate (property)	12.0%	8.1%	6.8%	16.6%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.6%	6.2%	8.7%
Total	100.0%			
Assumed inflation - mean			2.4%	1.5%

Note: (1) As outlined in the Plan's investment policy.

Note 10 - Employee Benefit Plans (continued)

Discount Rate. The discount rate used to measure the total pension liability was 6.70 percent. The Plan 's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 6.70 percent, as well as what the School 's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.70 percent) or 1 percentage point higher (7.70 percent) than the current rate:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
School's proportionate share of the net pension liability	$ 3,848,104	$ 2,187,709	$ 796,777

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363 , Florida Statutes , and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided. For the fiscal year ended June 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of $ 7.50 for each year of creditable service completed at the time of retirement with a minimum HIS payment of $ 45 and a maximum HIS payment of $ 225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2025, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The School contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

Pension Liabilities Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the School reported a net pension liability of $ 1,591,469 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. At June 30, 2024, the School’s proportionate share was .010609102 percent, which was a decrease of .01212762 percent from its proportionate share measured as of June 30, 2023.

Note 10 - Employee Benefit Plans (continued)

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

Discount Rate. The discount rate used to measure the total pension liability was 3.93 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate. The single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the School' s proportionate share of the net pension liability calculated using the discount rate of 3.93 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93 percent) or 1 percentage point higher (4.93 percent) than the current rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
School's proportionate share of the net pension liability	$ 1,811,683	$ 1,591,469	$ 1,408,656

For the fiscal year ended June 30, 2025, the School recognized pension expense of $ 43,519. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15,367	$ (3,056)
Change of assumptions	28,165	(188,410)
Net difference between projected and actual earnings on HIS Plan investments	-	(576)
Changes in proportion and differences between School HIS contributions and proportionate share of contributions	187,328	(243,439)
School HIS contributions subsequent to the measurement date	69,329	-
Total	$ 300,189	$ (435,481)

Note 10 - Employee Benefit Plans (continued)

The deferred outflows of resources resulting from School contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Fiscal Year Ending June 30,		
2026	$	(41,009)
2027		(40,892)
2028		(33,029)
2029		(32,621)
2030		(42,855)
Thereafter		(14,215)
	$	(204,621)

Actuarial Assumptions. The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.50 percent, average, including inflation
Municipal bond rate	3.93 percent
Actuarial cost method	Individual entry age
Mortality rates	Generational PUB-2010 with Projection Scale MP-2021

Aggregate amounts for both defined benefit plans:

		FRS Pension Plan		FRS HIS Plan		Total
Net pension liability	$	2,187,709	$	1,591,469	$	3,779,178
Deferred outflows of resources	$	949,303	$	300,189	$	1,249,492
Deferred inflows of resources	$	431,627	$	435,481	$	867,108
Pension expense	$	317,929	$	43,519	$	361,448
Plan contributions	$	237,549	$	185,264	$	422,813

Note 10 - Employee Benefit Plans (continued)

FRS - Defined Contribution Pension Plans

The Florida State Board of Administration ("SBA") administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Annual Comprehensive Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. School employees already participating in the State School System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class, as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2024-25 fiscal year were as follows:

Class	Percent of Gross Compensatior
FRS, Regular employees	11.30

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2025, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the School. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The School's Investment Plan pension expense totaled $ 206,326 for the fiscal year ended June 30, 2025.

Note 11 - 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 $ 438,887 for the 2024/2025 school year and has been recognized as revenue in the accompanying basic 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 non-renewal, 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 a portion of the operation of plant expenses.

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 $ 392,354 for the 2024/2025 school year, which has been recognized as revenue in the accompanying financial statements.

Note 12 - 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 were no claims in excess of insurance coverage limits during the past three years.

Note 13 - Commitments

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2025 may be impaired.

In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Management agreement: The School has a formal agreement with Charter Schools USA at G-Star LLC ("CSUSA") to manage, staff, and operate the School. CSUSA is entitled to retain as cost reimbursements and management fees (the "fee") for its services, 15% of revenues, which shall be set forth within the approved annual budget or a lesser percentage if agreed to by CSUSA. The term of the agreement coincides with the charter and can be extended if the charter is extended. For the year ended June 30, 2025, CSUSA did not receive a fee.

The basic financial statements reflect a due to CSUSA which totaled $ 105,510 at June 30, 2025.

Note 14 - Subsequent Event - Sale and Assignment of Loan

On January 8, 2026, Seacoast National Bank executed an asset sale agreement with Red Apple at G-Star, LLC for the sale and assignment of the loan described in Note 6, originally issued under the 2017A Tax-Exempt Industrial Revenue Bonds. The Buyer assumed all obligations associated with the 2017A Bonds, including the financing agreement, mortgage, and related security instruments. The purchase of the loan was completed on an as-is, where-is, non-recourse basis to the School.

REQUIRED SUPPLEMENTARY INFORMATION

G-Star School of the Arts, Inc.
Required Supplementary Information
Schedule of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance
Revenues:				
State sources	$ 6,686,676	$ 6,686,676	$ 6,260,616	$ (426,060)
Local sources	1,187,963	1,187,963	1,408,435	220,472
Interest income	1,639	1,639	380	(1,259)
Total revenues	7,876,278	7,876,278	7,669,431	(206,847)
Expenditures:				
Instruction	4,491,131	4,491,131	4,640,997	(149,866)
Student support services	260,242	260,242	366,821	(106,579)
Instructional staff training services	22,139	22,139	22,709	(570)
Instruction related technology	166,226	166,226	150,855	15,371
Board	32,094	32,094	168,180	(136,086)
School administration	942,092	942,092	1,117,151	(175,059)
Fiscal services	302,041	302,041	11,501	290,540
Food services	-	-	256	(256)
Central services	108,801	108,801	46,705	62,096
Transportation services	521,080	521,080	622,679	(101,599)
Operation of plant	455,244	455,244	366,932	88,312
Maintenance of plant	315,133	315,133	312,715	2,418
Capital outlay	34,780	34,780	136,264	(101,484)
Total expenditures	7,651,003	7,651,003	7,963,765	(312,762)
Excess (deficiency) of revenues over (under) expenditures	225,275	225,275	(294,334)	(519,609)
Other Financing Sources:				
Proceeds from note payable	-	-	286,000	286,000
Net change in fund balance	$ 225,275	$ 225,275	$ (8,334)	$ (233,609)

Note to Schedule: For the year ended June 30, 2025, expenditures exceeded appropriations in the General Fund by $ 312,762. These over-expenditures were funded by proceeds from note payable and available fund balance.

G-Star School of the Arts, Inc.
Required Supplementary Information
Schedule of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual - Grants Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Federal sources:				
Title I	$ 96,212	$ 96,212	$ 105,341	$ 9,129
Title IV	-	-	13,700	13,700
IDEA	-	-	16,705	16,705
	-			
Total revenues	96,212	96,212	135,746	39,534
Expenditures:				
Instruction	96,212	96,212	121,382	(25,170)
Student support services	-	-	13,700	(13,700)
School administration	-	-	664	(664)
	-			
Total expenditures	96,212	96,212	135,746	(39,534)
Net change in fund balance	$ -	-	$ -	$ -

Note to Schedule: For the year ended June 30, 2025, expenditures exceeded appropriations in the Grants Fund by $ 39,534. These over-expenditures were funded by greater than anticipated revenues in that fund.

G-Star School of the Arts, Inc.
Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System Pension Plan
Last 10 Fiscal Years
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
School's proportion of the net pension liability	0.005655%	0.006581%	0.006464%	0.005550%	0.004637%	0.005672%	0.006213%	0.006061%	0.005895%	0.006661%
School's proportionate share of the net pension liability	$ 2,187,709	$ 2,622,315	$ 2,405,243	$ 419,213	$ 2,009,685	$ 1,953,414	$ 1,871,426	$ 1,792,720	$ 1,488,577	$ 860,381
School's covered payroll	$ 1,723,684	$ 2,353,869	$ 2,152,634	$ 1,661,783	$ 1,589,985	$ 2,027,066	$ 2,096,421	$ 1,964,016	$ 1,971,886	$ 1,993,683
School's proportionate share of the net pension liability as a percentage of its covered payroll	126.92%	111.40%	111.73%	25.23%	126.40%	96.37%	89.27%	91.28%	75.49%	43.16%
Plan fiduciary net position as a percentage of total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

G-Star School of the Arts, Inc.
Schedule of Contributions
Florida Retirement System Pension Plan
Last 10 Fiscal Years
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 208,618	$ 266,629	$ 241,272	$ 197,181	$ 138,594	$ 108,280	$ 133,875	$ 131,818	$ 116,037	$ 108,864
Contributions in relation to the contractually required contribution	(208,618)	(266,629)	(241,272)	(197,181)	(138,594)	(108,280)	(133,875)	(131,818)	(116,037)	(108,864)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 1,742,838	$ 2,238,714	$ 2,353,869	$ 2,152,634	$ 1,661,783	$ 1,589,985	$ 2,027,066	$ 2,096,421	$ 1,964,016	$ 1,971,886
Contributions as a percentage of covered payroll	11.97%	11.91%	10.25%	9.16%	8.34%	6.81%	6.60%	6.29%	5.91%	5.52%

G-Star School of the Arts, Inc.
Schedule of Proportionate Share of Net Pension Liability
Retiree Health Insurance Subsidy Program
Last 10 Fiscal Years
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
School's proportion of the net pension liability	0.010609102%	0.011821864%	0.010771418%	0.009256194%	0.008910698%	0.010919620%	0.011336526%	0.011672505%	0.011888417%	0.011827624%
School's proportionate share of the net pension liability	$ 1,591,469	$ 1,877,470	$ 1,140,865	$ 1,135,411	$ 1,087,982	$ 1,221,796	$ 1,199,871	$ 1,248,078	$ 1,385,546	$ 1,206,232
School's covered payroll	$ 3,466,432	$ 4,683,527	$ 3,925,429	$ 3,276,888	$ 3,094,777	$ 3,652,014	$ 3,702,735	$ 3,722,046	$ 3,670,069	$ 3,588,385
School's proportionate share of the net pension liability as a percentage of its covered payroll	45.91%	40.09%	29.06%	34.65%	35.16%	33.46%	32.40%	33.53%	37.75%	33.61%
Plan fiduciary net position as a percentage of total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

G-Star School of the Arts, Inc.
Schedule of Contributions
Retiree Health Insurance Subsidy Program
Last 10 Fiscal Years
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 69,329	$ 74,568	$ 77,747	$ 65,162	$ 54,396	$ 51,373	$ 60,623	$ 61,465	$ 61,786	$ 60,923
Contributions in relation to the contractually required contribution	(69,329)	(74,568)	(77,747)	(65,162)	(54,396)	(51,373)	(60,623)	(61,465)	(61,786)	(60,923)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 3,466,432	$ 4,492,028	$ 4,683,527	$ 3,925,429	$ 3,276,888	$ 3,094,777	$ 3,652,014	$ 3,702,735	$ 3,722,044	$ 3,670,069
Contributions as a percentage of covered payroll	2.00%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

OTHER INDEPENDENT AUDITOR'S REPORTS

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

To the Board of Directors
G-Star School of the Arts, Inc.
Palm Springs, 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, business-type activities and each major fund of G-Star School of the Arts, Inc. (the "School") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated January 28, 2026.

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 School'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.

Citrin Cooperman & Company, LLP

Fort Lauderdale, Florida
January 28, 2026

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

To the Board of Directors
G-Star School of the Arts, Inc.
Palm Springs, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities, business-type activities and each major fund of G-Star School of the Arts, Inc., Florida, (the "School"), as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated January 28, 2026.

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 January 28, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the School are G-Star School of the Arts, Inc. and 503396.

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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

Section 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, waste, fraud, or abuse, that have occurred, or are likely to have occurred, that has 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, the School Board of Palm Beach County, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Citrin Cooperman & Company, LLP

Fort Lauderdale, Florida
January 28, 2026

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