

GOING FURTHER

MANATEE SCHOOL OF ARTS AND SCIENCES, INC.

(A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA)

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

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Independent Auditor's Report

Board of Directors
Manatee School of Arts and Sciences, Inc.
Bradenton, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of Manatee School of Arts and Sciences, Inc. (the "Charter School") (a Charter School and component unit of the School District of Manatee County, Florida), as of June 30, 2025, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Charter 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 Charter 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charter 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 Charter 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 management's discussion and analysis and budgetary comparison information and the notes to required supplementary information on pages 4 through 8 and 24 and 25 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2025, on our consideration of the Charter 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 Charter 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 Charter School's internal control over financial reporting and compliance.



Bradenton, Florida
September 18, 2025

Management's Discussion and Analysis

As management of Manatee School of Arts and Sciences, Inc. (the "Charter School"), which is a component unit of the School Board of Manatee County, Florida (the "School Board"), we offer readers of the Charter School's financial statements this narrative overview and analysis of the financial activities of the Charter School for the fiscal year ended June 30, 2025 to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the Charter School's financial activities, (c) identify changes in the Charter School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the Basic Financial Statements found starting on page 9.

Financial Highlights

- The assets of the Charter School exceeded its liabilities at the close of the fiscal year by \$1,157,484 (net position).
- As of the close of the current fiscal year, the Charter School's General Fund reported an ending fund balance of \$220,656.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the Charter School that are principally supported by district, state, and federal funding (governmental activities). Basic instruction, exceptional instruction, and fiscal services are examples of the Charter School's governmental activities.

The government-wide financial statements include all of the assets and liabilities of the Charter School.

The government-wide financial statements can be found on pages 9 and 10 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 Charter School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the Charter School are presented in governmental funds only.

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

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

The Charter School maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund.

The Charter School adopts an annual appropriated budget for its operations. Budgetary comparison statements with required notes have been provided to demonstrate compliance with this budget and can be found on pages 24 and 25 of this report.

The basic governmental fund financial statements can be found on pages 11 through 14 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 15 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Charter School's financial position. In the case of the Charter School, assets exceeded liabilities by \$1,157,484 at the close of the most recent fiscal year.

A portion of the Charter School's net position reflects its investment in capital assets (land, buildings, furniture and equipment, and computers), less any related debt used to acquire those assets that is still outstanding. The Charter School uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

Comparison of the condensed statement of net position at June 30 and the statement of activities for 2025 and 2024, are provided below:

The Charter School's net position was as follows:

	Governmental Activities		
	2025	2024	Variance
ASSETS			
Current assets, net	\$ 375,702	\$ 252,341	\$ 123,361
Capital assets, net of accumulated depreciation	940,932	1,023,789	(82,857)
Total assets	<u>1,316,634</u>	<u>1,276,130</u>	<u>40,504</u>
LIABILITIES			
Other liabilities	157,761	176,859	(19,098)
Long-term liabilities outstanding	1,389	4,181	(2,792)
Total liabilities	<u>159,150</u>	<u>181,040</u>	<u>(21,890)</u>
NET POSITION			
Net investment in capital assets	936,828	996,610	(59,782)
Restricted for capital outlay	89,306	56,402	32,904
Unrestricted	131,350	42,078	89,272
Net position	<u>\$ 1,157,484</u>	<u>\$ 1,095,090</u>	<u>\$ 62,394</u>

	Governmental Activities		
	2025	2024	Variance
Revenues			
Program revenues			
Fundraising and other	\$ 11,500	\$ 11,277	\$ 223
General revenues			
Grants and contributions, unrestricted	1,343,602	1,149,812	193,790
Investment income	144	178	(34)
Other income	71,610	76,082	(4,472)
Total revenue	<u>1,426,856</u>	<u>1,237,349</u>	<u>189,507</u>
Expenses			
Instruction	728,756	758,650	(29,894)
Pupil personnel services	43,012	42,453	559
Board	16,836	18,469	(1,633)
General administration	42,989	38,830	4,159
School administration	330,971	324,087	6,884
Operation of plant	179,590	143,910	35,680
Maintenance of plant	3,622	4,064	(442)
Fundraising and other	18,322	7,981	10,341
Interest	364	2,287	(1,923)
Total expenses	<u>1,364,462</u>	<u>1,340,731</u>	<u>23,731</u>
Change in net position	62,394	(103,382)	165,776
Net position - beginning	1,095,090	1,198,472	(103,382)
Net position - ending	<u>\$ 1,157,484</u>	<u>\$ 1,095,090</u>	<u>\$ 62,394</u>

Governmental Activities. Governmental activities decreased the Charter School's net position by \$62,394 for the year ended June 30, 2025.

Financial Analysis of the Government's Funds

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

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

The General Fund is the chief operating fund of the Charter School. At the end of the current fiscal year, the unassigned fund balance was \$119,129 in the General Fund.

Capital Asset, Right of Use Asset/Lease Liability, Long-Term Debt

Capital Assets. The Charter School's investment in capital assets for its governmental activities as of June 30, 2025, amounts to \$940,932 (net of accumulated depreciation). This investment in capital assets includes land, buildings, furniture, equipment, and computers. Additional information on the Charter School's capital assets can be found in Note 4. The Charter School's right of use asset represents a lease for a copier. The original asset was recorded at \$12,807 and through June 30, 2025 has amortized \$8,703 of the leased asset. The Charter School pays \$234 a month for use of the asset, and as of June 30, 2025 has an ending right of use asset balance of \$3,722 and lease liability of \$4,104.

Long-Term Debt. During the 2025 fiscal year, Manatee School of Arts and Sciences, Inc. made a total of \$20,803 in principal and interest payments on the mortgage for the Charter School. As of June 30, 2025, the principal balance of the mortgage was \$0.

General Fund Budgetary Highlights

During the year, there was one budget amendment made to the original budget. Actual revenues decreased \$40,916 due to decreased state funding even with student counts being higher than budgeted. While actual revenues and expenses were both lower than budgeted, there was a larger difference in budgeted revenue to actual creating a total negative variance in the amount of \$11,595.

Economic Factors and Next Year's Budget

The Charter School receives funds from the State of Florida in the form of Florida Education Finance Program Fees (FEFP), as part of the state-wide education funding formula through the Manatee County District School Board. These fees are evaluated in October and February and are based on student enrollment. It is expected the Charter School will maintain the current level of continued operations as the student count is estimated to remain comparable to the 2025 school year. Effective July 1, 2023, the Charter School renewed its contract with the Manatee County District School Board through June 30, 2028.

Request for Information

This financial report is designed to provide a general overview of Manatee School of Arts and Sciences, Inc.'s finances for all those with an interest in the Charter School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Manatee School of Arts and Sciences, Inc., 3700 32nd Street West, Bradenton, Florida 34205.

Manatee School of Arts and Sciences, Inc.

(A Charter School and Component Unit of the School District of Manatee County, Florida)

STATEMENT OF NET POSITION

JUNE 30, 2025

	ASSETS	Governmental Activities
Current assets		
Cash		\$ 282,081
Due from the School District of Manatee County		59,153
Accounts receivable		22,247
Prepaid items		12,221
		<hr/>
Total current assets		375,702
		<hr/>
Noncurrent assets		
Capital assets not being depreciated		250,252
Capital assets, net of accumulated depreciation		690,680
		<hr/>
TOTAL ASSETS		\$ 1,316,634
		<hr/> <hr/>
	LIABILITIES AND NET POSITION	
Current liabilities		
Accounts payable		\$ 24,125
Accrued payroll expenses		130,921
Current portion of lease liability		2,715
		<hr/>
Total current liabilities		157,761
		<hr/>
Noncurrent liabilities		
Lease liability		1,389
		<hr/>
Total liabilities		159,150
		<hr/>
Net position		
Net investment in capital assets		936,828
Restricted for capital outlay		89,306
Unrestricted		131,350
		<hr/>
Total net position		1,157,484
		<hr/>
TOTAL LIABILITIES AND NET POSITION		\$ 1,316,634
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See accompanying notes to financial statements.

Manatee School of Arts and Sciences, Inc.

(A Charter School and Component Unit of the School District of Manatee County, Florida)

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2025

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Functions/programs				
Governmental activities				
Instruction	\$ 728,756	\$ -	\$ -	\$ (728,756)
Support services				
Pupil personnel services	43,012	-	-	(43,012)
Board	16,836	-	-	(16,836)
General administration	42,989	-	-	(42,989)
School administration	330,971	-	-	(330,971)
Operation of plant	179,590	-	-	(179,590)
Maintenance of plant	3,622	-	-	(3,622)
Fundraising and other	18,322	-	11,500	(6,822)
Interest on long-term debt	364	-	-	(364)
Total governmental activities	<u>\$ 1,364,462</u>	<u>\$ -</u>	<u>\$ 11,500</u>	<u>(1,352,962)</u>
General revenues				
Grants and contributions not restricted to specific programs				1,343,602
Unrestricted investment income				144
Other income				71,610
Total general revenues				<u>1,415,356</u>
Change in net position				62,394
Net position beginning				<u>1,095,090</u>
Net position ending				<u>\$ 1,157,484</u>

See accompanying notes to financial statements.

Manatee School of Arts and Sciences, Inc.

(A Charter School and Component Unit of the School District of Manatee County, Florida)

BALANCE SHEET – GENERAL FUND

JUNE 30, 2025

ASSETS		
Cash		\$ 282,081
Due from primary government		59,153
Accounts receivable		22,247
Prepaid items		12,221
		<hr/>
TOTAL ASSETS		\$ 375,702
		<hr/> <hr/>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable		\$ 24,125
Accrued payroll expenses		130,921
		<hr/>
Total liabilities		155,046
		<hr/>
Fund balance		
Nonspendable		
Prepaid items		12,221
Restricted		
Capital outlays		89,306
Unassigned		119,129
		<hr/>
Total fund balance		220,656
		<hr/>
TOTAL LIABILITIES AND FUND BALANCE		\$ 375,702
		<hr/> <hr/>

See accompanying notes to financial statements.

Manatee School of Arts and Sciences, Inc.

(A Charter School and Component Unit of the School District of Manatee County, Florida)

RECONCILIATION OF THE BALANCE SHEET – GENERAL FUND

TO THE STATEMENT OF NET POSITION

JUNE 30, 2025

Total fund balance per the balance sheet – General Fund	\$	220,656
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Amounts reported in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the General Fund. The cost of the capital assets are \$2,559,169 less accumulated depreciation/amortization of \$1,618,237.	940,932
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Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the General Fund.	<u>(4,104)</u>
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Net position of governmental activities	\$	<u><u>1,157,484</u></u>
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See accompanying notes to financial statements.

Manatee School of Arts and Sciences, Inc.

(A Charter School and Component Unit of the School District of Manatee County, Florida)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE – GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Revenues		
Federal through local	\$	162,169
State through local		1,186,858
Fundraising and other		11,500
Investment income		144
Other income		71,864
Total revenues		<u>1,432,535</u>
Expenditures		
Current		
Instruction		660,605
Pupil personnel services		42,852
Board		16,836
General administration		42,185
School administration		324,532
Operation of plant		178,545
Fundraising and other expense		18,322
Debt service		
Principal		20,439
Interest expense		364
Total expenditures		<u>1,304,680</u>
Net change in fund balance		127,855
Fund balance beginning		92,801
Fund balance ending	\$	<u><u>220,656</u></u>

See accompanying notes to financial statements.

Manatee School of Arts and Sciences, Inc.

(A Charter School and Component Unit of the School District of Manatee County, Florida)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GENERAL FUND TO THE STATEMENT OF ACTIVITIES FISCAL YEAR ENDED JUNE 30, 2025

Net change in fund balance per the statement of revenues, expenditures, and changes in fund balance – General Fund	\$	127,855
Amounts reported in the statement of activities are different because:		
The General Fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.		(82,857)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(5,679)
Principal payments on the mortgage (\$20,439) and lease liability (\$2,636) are expenditures in the General Fund, but reduce long-term debt in the statement of net position.		<u>23,075</u>
Change in net position of governmental activities	\$	<u><u>62,394</u></u>

See accompanying notes to financial statements.

Notes To The Basic Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Manatee School of Arts and Sciences, Inc. (the "Charter School") is a not-for-profit corporation that operates an elementary school in Bradenton, Florida. The corporation was organized pursuant to Chapter 617, Florida Statutes, Florida Not-For-Profit Corporation Act. The governing body of the Charter School is a not-for-profit corporation Board of Directors composed of four members.

The general operating authority of the Charter School is contained in Section 1002.33, Florida Statutes. The Charter School operates under a charter of the sponsoring school board, the School District of Manatee County. The current charter is effective until June 30, 2028, and may be renewed by mutual agreement between the Charter School and the School Board. The Manatee School of Arts and Sciences, Inc. is considered a component unit of the School Board of Manatee County.

Criteria for determining if other entities are potential component units which should be reported within the Charter School's basic financial statements are described in GASB Statement No. 14, as amended by GASB Statement No. 39 and No. 61. The application of these criteria provide for identification of any entities for which the Charter School is financially accountable and other organizations for which the nature and significance of their relationship with the Charter School are such that exclusion would cause the Charter School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are required to be included within the reporting entity of the Charter School.

Basis of Presentation

The basic financial statements of the Charter School have been prepared in accordance 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. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as GAAP for state and local governments.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Government-Wide Statements

The Charter School's basic financial statements include both government-wide (reporting on the Charter School as a whole) and fund financial statements (reporting on the General Fund only). Both the government-wide and fund financial statements present only governmental activities. The Charter School has no business-type activities.

In the government-wide statement of net position, the Charter School's governmental activities are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Charter School's net position is reported in three parts (as applicable): (1) invested in capital assets, net of related debt; (2) restricted net position; and (3) unrestricted net position.

The government-wide statement of activities reports both the gross and net cost of each of the Charter School's functions. The functions are also supported by general government revenues (funding from the sponsoring school board). The statement of activities reduces gross expenses (including depreciation) by related program revenues. Program revenues must be directly associated with the function and include operating-specific and discretionary grants.

The net costs, by function, are normally covered by general revenues from the sponsoring school district.

The government-wide focus is more on the sustainability of the Charter School as an entity and the change in the Charter School's net position resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements

The individual generic fund type in the Charter School's financial statements is a governmental fund. The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

The only governmental fund and major fund utilized by the Charter School is the General Fund. The General Fund is the general operating fund of the Charter School and is used to account for all of its financial resources. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual: Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual: The fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources; revenue is recognized at the time the expenditure is made. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budgetary Basis Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the function level.

Cash

The Charter School's cash consists of demand deposits with a financial institution which are insured by federal depository insurance. At June 30, 2025, the carrying amount of the Charter School's deposits was \$282,081 and the bank balance was \$282,070, of which \$250,000 was covered by FDIC insurance. The remaining balances are collateralized pursuant to Chapter 280, Florida Statutes..

Capital Assets

Capital assets are recorded at cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded at acquisition value as of the date of donation. The Charter School maintains a capitalization threshold of \$750 for fixed asset additions. Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. All capital assets are depreciated using the straight-line method over their estimated useful lives. Useful lives are 39 years for buildings and five to 15 years for furniture, fixtures, and equipment.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Charter School is a lessee for noncancellable leases of equipment. The Charter School recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The Charter School recognizes lease liabilities with an initial, individual value of \$750 or more.

At the commencement of a lease, the Charter School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Useful lives are five years.

Key estimates and judgments related to leases include how the Charter School determines: (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The Charter School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Charter School generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the Charter School is reasonably certain to exercise.

The Charter School monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance: Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Charter School is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- *Nonspendable:* Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.
- *Restricted:* Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

- *Committed:* Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors through the adoption of a resolution. Only the Board of Directors may modify or rescind the commitment.
- *Assigned:* Fund balances are reported as assigned when amounts are constrained by the Charter School's intent to be used for specific purposes, but are neither restricted nor committed. Currently there is no one authorized to assign fund balances.
- *Unassigned:* Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The Charter School reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in other funds when applicable.

Flow Assumptions: When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Charter School's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Charter School's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position: Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the Charter School has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The Charter School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Sources

Revenues for current operations are received primarily from the School Board of Manatee County pursuant to the funding provisions included in the Charter School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the Charter School reports the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the Charter School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the Charter School during the designated FTE student survey periods.

The Charter School also receives federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Additional revenues are derived from various fundraising activities (which are presented net of related fundraising expenses of \$18,322), contributions and interest earned.

Estimates

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

Deferred Inflows of Resources

The Charter School reports unavailable revenues that arise only under the modified accrual basis of accounting that qualifies for reporting in this category. Unavailable revenue is reported only in the General Fund balance sheet. Governmental funds report unavailable revenues from certain charges for services and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

NOTE 2. DUE FROM SCHOOL DISTRICT OF MANATEE COUNTY

For the year ended June 30, 2025, a total of \$59,153 was due from the School Board of Manatee County for Title 1, UniSIG, and capital outlay Grant payments.

NOTE 3. ACCOUNTS RECEIVABLE

For the year ended June 30, 2025, a total of \$1,673 was due from Studies Weekly for a credit card error and \$20,574 was due from the Charter School's attorney for overpayment of legal fees in prior years.

NOTE 4. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 250,252	\$ -	\$ -	\$ 250,252
Total capital assets, not being depreciated	<u>250,252</u>	<u>-</u>	<u>-</u>	<u>250,252</u>
Capital assets, being depreciated				
Building	1,878,475	-	-	1,878,475
Furniture, fixtures and equipment	423,045	-	(5,787)	417,258
Lease assets	13,184	-	-	13,184
Total capital assets, being depreciated	<u>2,314,704</u>	<u>-</u>	<u>(5,787)</u>	<u>2,308,917</u>
Less accumulated depreciation for				
Building	(1,167,362)	(48,166)	-	(1,215,528)
Furniture, fixtures and equipment	(366,723)	(34,691)	5,787	(395,627)
Lease assets	(7,082)	-	-	(7,082)
Total accumulated depreciation	<u>(1,541,167)</u>	<u>(82,857)</u>	<u>5,787</u>	<u>(1,618,237)</u>
Total capital assets, being depreciated, net	773,537	(82,857)	-	690,680
Governmental activities capital assets, net excluding lease assets	<u>\$ 1,023,789</u>	<u>\$ (82,857)</u>	<u>\$ -</u>	<u>\$ 940,932</u>

Depreciation expense in the amount of \$82,857 for the year ended June 30, 2025 was allocated to the following governmental functions:

Instruction	\$ 70,787
Pupil personnel services	160
General administration	804
School administration	6,439
Operation of plant	1,045
Maintenance of plant	3,622
	<u>82,857</u>
	<u>\$ 82,857</u>

NOTE 5. LONG-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Mortgage payable	\$ 20,439	\$ -	\$ (20,439)	\$ -	\$ -
Lease liability	6,740	-	(2,636)	4,104	2,715
	<u>\$ 27,179</u>	<u>\$ -</u>	<u>\$ (23,075)</u>	<u>\$ 4,104</u>	<u>\$ 2,715</u>

The Charter School has a mortgage in the original amount of \$500,000. The note carries an annual interest rate of 4.50%, with payments of principal and interest due monthly in the amount of \$5,198. The final maturity date of the note was October 24, 2024, and was paid off by the Charter School during fiscal year 2025. The Charter School recorded interest expense in the amount of \$364 for the year ended June 30, 2025.

NOTE 6. LEASE

In July 2021, the Charter School entered into a five-year lease agreement as lessee for a copier. An initial lease liability was recorded in the amount of \$12,807. As of June 30, 2025, the value of the lease liability was \$4,104. The Charter School is required to make monthly payments in the amount of \$233. The lease has an interest rate of 2.97%. The equipment lease expires in December 2026.

The principal and interest payments due in the years subsequent to June 30, 2025 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2026	\$ 2,715	\$ 85	\$ 2,800
2027	1,389	11	1,400
	<u>\$ 4,104</u>	<u>\$ 96</u>	<u>\$ 4,200</u>

NOTE 7. SCHEDULE OF REVENUE SOURCES

The following is a schedule of revenue sources and amounts:

<u>Sources</u>	<u>Amounts</u>
School Board of Manatee County	
Discretionary	\$ 1,059,383
Capital outlay funding	127,475
Subtotal	<u>1,186,858</u>
Other grants	162,169
Other income	71,864
Fundraising and other	11,500
Investment income	<u>144</u>
 Total	 <u><u>\$ 1,432,535</u></u>

NOTE 8. RISK MANAGEMENT PROGRAMS

Workers' compensation, automobile liability, general liability, errors and omissions, property, inland marine, and health and hospitalization coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks did not exceed commercial coverage for the past three fiscal years.

NOTE 9. RETIREMENT PLAN

The Charter School has established a 401(k) plan that covers most all employees. Employees may contribute a percent of their base pay up to the statutory limit. The Charter School contributes to the plan as approved by the Board of Directors. The Board has approved a 3% employer contribution for the calendar year ending June 30, 2025. 401(k) expense included in salaries for the fiscal year ending June 30, 2025 was \$12,848.

NOTE 10. SUBSEQUENT EVENTS

The Charter School has evaluated all subsequent events through September 18, 2025 the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Manatee School of Arts and Sciences, Inc.

(A Charter School and Component Unit of the School District of Manatee County, Florida)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FISCAL YEAR ENDED JUNE 30, 2025

	Budget		Actual	Variance
	Original	Final		
Revenues				
Federal through local	\$ 83,000	\$ 147,813	\$ 162,169	\$ 14,356
State through local	1,250,533	1,250,533	1,186,858	(63,675)
Fundraising and other	25,005	25,005	11,500	(13,505)
Investment income	100	100	144	44
Other income	51,000	50,000	71,864	21,864
Total revenues	<u>1,409,638</u>	<u>1,473,451</u>	<u>1,432,535</u>	<u>(40,916)</u>
Expenditures				
Current				
Instruction	720,763	593,513	660,605	(67,092)
Pupil personnel services	41,225	46,897	42,852	4,045
Board	22,000	24,000	16,836	7,164
General administration	40,200	42,200	42,185	15
School administration	313,610	323,489	324,532	(1,043)
Operation of plant	148,008	272,708	178,545	94,163
Fundraising and other expense	10,000	10,000	18,322	(8,322)
Capital outlay	-	-	-	-
Debt service				
Principal	20,594	20,594	20,439	155
Interest	600	600	364	236
Total expenditures	<u>1,317,000</u>	<u>1,334,001</u>	<u>1,304,680</u>	<u>29,321</u>
Net change in fund balance	92,638	139,450	127,855	(11,595)
Fund balance beginning	92,801	92,801	92,801	-
Fund balance ending	<u>\$ 185,439</u>	<u>\$ 232,251</u>	<u>\$ 220,656</u>	<u>\$ (11,595)</u>

See notes to required supplemental information.

Notes To Required Supplementary Information

NOTE 1. BUDGETARY INFORMATION

The annual budget is adopted and approved by the Board of Directors (the "Board") for the General Fund and any amendments must be approved by the Board. The budget presented for the fiscal year ended June 30, 2025 was amended one time during the 2025 fiscal year. The Budget is presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors
Manatee School of Arts and Sciences, Inc.
Bradenton, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of Manatee School of the Arts and Sciences, Inc. (the "Charter School") (a Charter School and component unit of the School District of Manatee County), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated September 18, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter School's internal control over financial reporting (internal control) to determine the 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 Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter 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 Charter 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bradenton, Florida
September 18, 2025



Independent Auditor's Management Letter

Board of Directors
Manatee School of Arts and Sciences, Inc.
Bradenton, Florida

Report on the Financial Statements

We have audited the financial statements of Manatee School of Arts and Sciences, Inc. (the "Charter School") (a Charter School and component unit of the School District of Manatee County) as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated September 18, 2025.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report which is dated September 18, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1, Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions were taken to address finding 2023-001 Credit Cards that was repeated in 2024-001.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Manatee School of Arts and Sciences, Inc.; 2101.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, requires us to apply appropriate procedures and communicate whether or not the Manatee School of Arts and Sciences, Inc. 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 Manatee School of Arts and Sciences, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the Charter School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the Charter 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, fraud, waste or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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



Bradenton, Florida
September 18, 2025

Manatee School of Arts and Sciences, Inc.

(A Charter School and Component Unit of the School Board of Manatee County)

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

Section I FINANCIAL STATEMENT FINDINGS AND RESPONSES

None identified as of June 30, 2025.

Section II STATUS OF PRIOR YEAR AUDIT FINDINGS

2024-001. Credit Cards – Material Weakness (prior year finding 2023-001)

Criteria: Internal controls should be in place to provide reasonable assurance that separation of duties are followed, and all transactions are recorded in accordance with accounting principles generally accepted in the United States of America.

Condition: As part of the audit process, we noted that separation of duties were not followed related to credit card statement review.

Context: Our testing of credit card statements identified the credit card statement and invoices being reviewed and approved by the same individual who used the card for purchases.

Effect: We noted there is a potential risk for disbursements that are not ordinary in the normal course of business.

Status: Cleared in the current year.