2025

The Villages Charter School, Inc. (A Charter School and Component Unit of the Sumter County District School Board)

Financial Statements and Independent Auditor's Report

June 30, 2025

PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SUMTER COUNTY DISTRICT SCHOOL BOARD)
THE VILLAGES, FLORIDA

JUNE 30, 2025

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PURVIS GRAY

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Villages Charter School, Inc.
The Villages, Florida

Report on the Audit of the Financial Statements

Opinions
We have audited the accompanying financial statements of the governmental activities and each major fund of The Villages Charter School, Inc. (the School), a component unit of the Sumter County District School Board, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of June 30, 2025, and the respective changes in financial position, and the respective budgetary comparison statement for the General and the Major Special Revenue Funds (as listed in the table of contents) 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 responsibility under those standards is 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 to 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.

Board of Directors
The Villages Charter School, Inc.
The Villages, Florida

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the

information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 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.

Purvis Gray

January 20, 2026
Ocala, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management of The Villages Charter School, Inc. (the Charter School) has prepared the following discussion and analysis to provide an overview and analysis of the Charter School's financial activities for the year ended June 30, 2025. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions and should be read in conjunction with the preceding Independent Auditor's Report and financial statements following this section.

Overview of Financial Statements

This discussion and analysis will serve as an introduction to the Charter School's basic financial statements, which include three components: 1) governmental activities financial statements; 2) fund financial statements; and 3) notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the governmental activities and fund financial statements. This report also contains accompanying information in addition to the basic financial statements.

Governmental Activities Financial Statements and Financial Analysis

The *governmental activities financial statements* report information for the Charter School as a whole. The statements are designed to provide an overview of the Charter School's financial position utilizing the full accrual basis of accounting. During the fiscal year, the Charter School became the sole member of The Villages Charter School Autism Center LLC (the Autism Center) which began operating in January 2025 serving students with autism spectrum disorder.

The *governmental 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. The net position of the Charter School is summarized in the following table:

THE VILLAGES CHARTER SCHOOL, INC.
NET POSITION

	Governmental Activities 2025	Governmental Activities 2024
Current Assets	$ 14,555,578	$ 22,972,979
Capital Assets	602,994,962	603,104,855
Total Assets	617,550,540	626,077,834
Total Liabilities	7,014,812	18,843,979
Invested in Capital Assets	602,994,962	603,104,855
Restricted for Food Services	443,189	674,948
Restricted for Student Activities	1,400,384	894,936
Restricted for the Autism Center	148,743	-
Unrestricted	5,548,450	2,559,116
Total Net Position	$ 610,535,728	$ 607,233,855

The total assets of the Charter School decreased by $8,527,294 in 2025. The decrease is mainly due to significant capital projects construction being completed in the current year. The total liabilities of the Charter School decreased by $11,829,167 mainly due to significant capital construction projects completion in the current year and outstanding construction retainages were paid. The Charter School has no long-term debt. The total net position increased by $3,301,873 in 2025 due to a $2.9 million dollar increase in unrestricted fund balance.

The *governmental statement of activities* presents information on all of the Charter School's revenue, expenses, and changes in net position for the year. The changes in net position are detailed as follows:

THE VILLAGES CHARTER SCHOOL, INC.
CHANGES IN NET POSITION

	Governmental Activities 2025	Governmental Activities 2024
Revenues		
Program Revenue:		
Capital Grants and Contributions	$ 6,845,477	$ 359,375,154
Operating Grants and Contributions	3,250,750	4,833,929
Charges for Services	6,669,220	6,238,125
General Revenue:		
Florida Education Finance Program	28,276,254	25,387,786
Advance Placement Funds	326,682	272,920
School Recognition Funds	512,267	600,596
Contributions	30,610,256	47,820,544
Lease Revenue	15,206,516	14,109,423
Miscellaneous	716,583	723,415
Total Revenues	92,414,005	459,361,892
Expenses		
Instruction	31,995,389	28,374,021
Instructional Support Services	4,630,121	4,269,779
General Support Services	22,814,230	24,749,594
Maintenance of Plant	4,962,841	4,282,614
Community Services	2,261,612	1,940,498
Food Services	4,102,698	3,354,666
Athletic Events and Student Activities	2,494,565	2,024,995
Depreciation - Unallocated	15,850,676	14,274,516
Total Expenses	89,112,132	83,270,683
Change in Net Position	$ 3,301,873	$ 376,091,209

The Capital Grants revenue decreased by $352,529,677 due to the donation of capital assets in the prior year of $355,223,874. The Florida Education Finance Program revenue increased $2,888,468 in 2025 due to an increase in the base student allocation and an increase in student enrollment due to the opening of the Middleton campus in the prior year. Contributions decreased by $17,210,288 mainly due to the completion of significant capital projects in the current year.

Expenses related to Instruction increased by $3,621,368 due to growth in student enrollment and expenses related to General Support Services decreased by $1,935,364 due to the capital construction projects completion in the current year. Food Services expenditures increased by $748,032 due to an increased student population and Maintenance of Plant expenditures increased by $680,227 due to an increase in costs to maintain both campuses. Athletic Events and Student Activities are presented in the statement of activities under the Governmental Accounting Standards Board (GASB) Statement No. 84 standard implemented in 2021. Depreciation expense increased by $1,576,160 due to additions to capital outlay in the current year of $15,740,783 as well as depreciation of donated buildings in prior year.

Fund Financial Statements and Financial Analysis

Governmental Fund

The financial transactions of the Charter School are reported in three governmental funds: the general fund, which accounts for all functions of the Charter School except food services; the capital projects fund, which records the State Charter School Capital Outlay funds and capital construction projects; and special revenue funds, which account for the food service program, other federal grant programs, student activities, and the Autism Center financial activity. The governmental fund financial statements are presented on the modified accrual basis of accounting, whereas the governmental activities are presented on the full accrual basis.

Fund balance - unassigned in the general fund increased $3,060,570 due to an increase in general fund revenues in the current year. Fund balance - restricted in the food service special revenue fund decreased by ($231,759) primarily due to decreased food services revenue. Fund balance - restricted in the student activities special revenue fund is presented under the new GASB 84 standard implemented in 2021; it increased by $505,448. The Charter School's governmental fund statement of revenues, expenses, and changes in fund balance shows a total net change in fund balances of $3,411,766 for 2025.

Capital Assets

The Charter School's investment in capital assets for its governmental activities amounts to $602,994,962 (net of accumulated depreciation). During the school year, the Charter School purchased $15,740,783 in capital assets. This investment in capital assets includes land, buildings, leasehold improvements, furniture and equipment, vehicles, and library books.

Budgetary Comparison Analysis - General Fund

Actual contributions were $1,009,313 more than the final budget amount at June 30, 2025. The variance illustrates that the Charter School received more contributions in 2025 than expected. Instructional expenses were $956,198 less than the final budget amount illustrating less instructional expenses than expected. Maintenance of Plant expenses were $387,986 less than the final budget amount illustration less repairs and maintenance costs than expected.

Other Matters of Significance

The Charter School is a component unit of the Sumter County District School Board. Therefore, the Charter School's financial statements are required to be included in the Sumter County District School Board's Annual Financial Report.

The Villages Charter School, Inc. is a charter school in the workplace and is subsidized by the Holding Company of The Villages, Inc. (The Villages). The Villages makes contributions to the Charter School to supplement its operations as needed.

Economic Factors

As part of the state-wide education funding formula through the Sumter County District School Board, the Charter School's economic position is closely tied to that of the State of Florida. The economy has significantly recovered from the COVID-19 pandemic and continued growth appears likely. However, management oversight for the 2026 fiscal year is essential to ensure that the Charter School continues to operate effectively.

STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2025
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA

ASSETS

Assets	
Cash in Bank	$ 11,714,271
Accounts Receivable	781,349
Contributions Receivable	607,801
Prepaid Expenses	127,500
Inventory	75,268
Due from Other Agencies	1,249,389
Capital Assets, Net of Accumulated Depreciation	602,994,962
Total Assets	617,550,540

LIABILITIES AND NET POSITION

Liabilities	
Accounts Payable - Trade	3,253,218
Accounts Payable - Related-Party	644,383
Retainage Payable	111,263
Health Claims Payable	381,721
Accrued Salary and Related Payroll Expenses	1,397,550
Unearned Revenue	1,226,677
Total Liabilities	7,014,812
Net Position	
Net Investment in Capital Assets	602,994,962
Restricted for Food Services	443,189
Restricted for Student Activities	1,400,384
Restricted for the Autism Center	148,743
Unrestricted	5,548,450
Total Net Position	$ 610,535,728

See accompanying notes.

STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA

			Program Revenues		Net (Expenses) Revenues and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental Activities					
Instruction	$ 31,995,389	$ -	$ 621,070	$ -	$ (31,374,319)
Instructional Support Services	4,630,121	-	372,051		(4,258,070)
General Support Services	22,814,230	-	86,622	6,845,477	(15,882,131)
Maintenance of Plant	4,962,841	-	-	-	(4,962,841)
Community Services	2,261,612	2,624,133	-	-	362,521
Food Services	4,102,698	1,054,554	2,161,527	-	(886,617)
Athletic Events	1,680,999	2,140,483	-	-	459,484
Student Activities	813,566	850,050	9,480	-	45,964
Depreciation - Unallocated	15,850,676	-	-	-	(15,850,676)
Total Governmental Activities	$ 89,112,132	$ 6,669,220	$ 3,250,750	$ 6,845,477	(72,346,685)

General Revenues	
Florida Education Finance Program	28,276,254
Advance Placement Funds	326,682
School Recognition Funds	512,267
Contributions	30,610,256
Lease Revenue	15,206,516
Other Miscellaneous	716,583
Total General Revenues	75,648,558
Change in Net Position	3,301,873
Net Position, Beginning of Year	607,233,855
Net Position, End of Year	$ 610,535,728

See accompanying notes.

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA

ASSETS

	General Fund	Special Revenue Fund Food Service	Special Revenue Fund ARP-ESSER	Special Revenue Fund Student Activities	Special Revenue Fund Villages Charter School Autism Center	Capital Projects Funds	Governmental Total
Assets							
Cash in Bank	$ 5,871,757	$ 574,717	$ -	$ 1,749,819	$ 111,948	$ 3,406,030	$ 11,714,271
Accounts Receivable	679,628	1,765	-	83,763	-	16,193	781,349
Contributions Receivable	-	-	-	-	-	607,801	607,801
Due from Other Agencies	1,121,330	-	-	-	128,059	-	1,249,389
Due from Other Funds	1,627,763	294,268	-	-	-	-	1,922,031
Prepaid Items	127,500	-	-	-	-	-	127,500
Inventory	31,765	43,503	-	-	-	-	75,268
Total Assets	$ 9,459,743	$ 914,253	$ -	$ 1,833,582	$ 240,007	$ 4,030,024	$ 16,477,609

LIABILITIES AND FUND EQUITY

Liabilities							
Accounts Payable - Trade	$ 384,734	$ -	$ -	$ 48,339	$ 42,398	$ 2,777,747	$ 3,253,218
Accounts Payable - Related-Party	638,608	-	-	-	5,775	-	644,383
Retainage Payable	-	-	-	-	-	111,263	111,263
Health Claims Payable	368,001	13,720	-	-	-	-	381,721
Accrued Expenses	1,347,527	6,932	-	-	43,091	-	1,397,550
Unearned Revenue	774,440	68,128	-	384,109	-	-	1,226,677
Due to Other Funds	397,983	382,284	-	750	-	1,141,014	1,922,031
Total Liabilities	3,911,293	471,064	-	433,198	91,264	4,030,024	8,936,843
Fund Balances							
Non-Spendable:							
Inventory	31,765	43,503	-	-	-	-	75,268
Prepaid Items	127,500	-	-	-	-	-	127,500
Restricted	-	399,686	-	1,400,384	148,743	-	1,948,813
Unassigned	5,389,185	-	-	-	-	-	5,389,185
Total Fund Balance	5,548,450	443,189	-	1,400,384	148,743	-	7,540,766
Total Liabilities and Fund Balance	$ 9,459,743	$ 914,253	$ -	$ 1,833,582	$ 240,007	$ 4,030,024	$ 16,477,609

See accompanying notes.

RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA

Total Fund Balance - Governmental Funds	$ 7,540,766
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is $638,516,579 and the accumulated depreciation is $35,521,617 for the year ended June 30, 2025.	602,994,962
Total Net Position - Governmental Funds	$ 610,535,728

See accompanying notes.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA

	General Fund	Special Revenue Fund Food Service	Special Revenue Fund ARP-ESSER	Special Revenue Fund Student Activities	Special Revenue Fund Villages Charter School Autism Center	Capital Projects Fund	Governmental Total
Revenue							
State - Through the Sumter County							
District School Board:							
Florida Education Finance Program	$ 28,148,194	$ -	$ -	$ -	$ 128,060	$ -	$ 28,276,254
Charter School Capital Outlay Funds	-	-	-	-	-	2,496,991	2,496,991
Local Capital Improvement Revenue	4,348,486	-	-	-	-	-	4,348,486
Advance Placement Funds	326,682	-	-	-	-	-	326,682
School Recognition Funds	512,267	-	-	-	-	-	512,267
Federal Through State:							
National School Lunch Program	-	2,161,527	-	-	-	-	2,161,527
Other Grants	385,481	-	417,359	-	-	-	802,840
Local:							
Food Services	-	1,054,554	-	-	-	-	1,054,554
Grants and Contracts	237,187	-	-	-	-	39,716	276,903
Contributions	10,533,004	-	-	9,480	2,244,300	17,832,952	30,619,736
Child Care and Other Fees	2,614,236	-	-	-	9,897	-	2,624,133
Membership Dues	-	-	-	9,668	-	-	9,668
Athletic Events	-	-	-	2,140,483	-	-	2,140,483
Student Events and Services	-	-	-	840,382	-	-	840,382
Lease Revenue	15,206,516	-	-	-	-	-	15,206,516
Miscellaneous	708,769	-	-	-	7,814	-	716,583
Total Revenue	63,020,822	3,216,081	417,359	3,000,013	2,390,071	20,369,659	92,414,005
Expenditures							
Current:							
Instruction	30,437,627	-	410,870	-	1,146,892	-	31,995,389
Instructional Support Services	4,348,858	-	-	-	281,263	-	4,630,121
General Support Services	20,222,117	-	6,489	-	618,832	1,966,792	22,814,230
Maintenance of Plant	4,722,539	-	-	-	145,099	95,203	4,962,841
Community Services	2,228,261	-	-	-	33,351	-	2,261,612
Food Services	-	4,102,698	-	-	-	-	4,102,698
Athletic Events	-	-	-	1,680,999	-	-	1,680,999
Student Activities Donations and Supplies	-	-	-	813,566	-	-	813,566
Capital Outlay	514,219	-	-	-	15,891	15,210,673	15,740,783
(Total Expenditures)	(62,473,621)	(4,102,698)	(417,359)	(2,494,565)	(2,241,328)	(17,272,668)	(89,002,239)
Excess (Deficiency) of Revenues Over (Under) Expenditures	547,201	(886,617)	-	505,448	148,743	3,096,991	3,411,766
Other Financing Source							
Transfers In	2,496,991	654,858	-	-	-	-	3,151,849
Transfers Out	(54,858)	-	-	-	-	(3,096,991)	(3,151,849)
Total Other Financing Sources (Uses)	2,442,133	654,858	-	-	-	(3,096,991)	-
Net Change in Fund Balances	2,989,334	(231,759)	-	505,448	148,743	-	3,411,766
Fund Balance, Beginning of Year	2,559,116	674,948	-	894,936	-	-	4,129,000
Fund Balance, End of Year	$ 5,548,450	$ 443,189	$ -	$ 1,400,384	$ 148,743	$ -	$ 7,540,766

See accompanying notes.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA

Total Net Change in Fund Balances - Governmental Funds	$ 3,411,766
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay of $15,740,783 is less than depreciation expense ($15,850,676) for the year ended June 30, 2025.	(109,893)
Total Change in Net Position - Governmental Funds	$ 3,301,873

See accompanying notes.

BUDGETARY COMPARISON STATEMENT
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue				
State - Through the Sumter County				
District School Board:				
Florida Education Finance Program	$ 27,141,403	$ 28,071,403	$ 28,148,194	$ 76,791
Local Capital Improvement Fund	3,900,000	4,338,000	4,348,486	10,486
Advance Placement Funds	239,894	319,894	326,682	6,788
School Recognition Funds	-	507,000	512,267	5,267
Federal Through State:				
Other Grants	260,000	309,000	385,481	76,481
Local:				
Grants and Contracts	-	238,000	237,187	(813)
Contributions	10,090,551	9,523,691	10,533,004	1,009,313
Child Care and Other Fees	2,498,590	2,538,590	2,614,236	75,646
Lease Revenue	15,460,324	15,460,324	15,206,516	(253,808)
Miscellaneous	220,100	483,500	708,769	225,269
Total Revenue	59,810,862	61,789,402	63,020,822	1,231,420
Expenditures				
Current:				
Instruction	30,340,685	31,393,825	30,437,627	956,198
Instructional Support Services	3,973,064	4,522,064	4,348,858	173,206
General Support Services	18,388,621	20,383,097	20,222,117	160,980
Maintenance of Plant	6,148,525	5,110,525	4,722,539	387,986
Community Services	2,221,910	2,271,510	2,228,261	43,249
Capital Outlay	738,057	592,381	514,219	78,162
(Total Expenditures)	(61,810,862)	(64,273,402)	(62,473,621)	1,799,781
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,000,000)	(2,484,000)	547,201	3,031,201
Other Financing Source				
Transfers In	2,000,000	2,484,000	2,442,133	(41,867)
Net Change in Fund Balance	-	-	2,989,334	2,989,334
Fund Balance, Beginning of Year	-	-	2,559,116	2,559,116
Fund Balance, End of Year	$ -	$ -	$ 5,548,450	$ 5,548,450

See accompanying notes.

BUDGETARY COMPARISON STATEMENT
MAJOR SPECIAL REVENUE FUND - FOOD SERVICES
FOR THE YEAR ENDED JUNE 30, 2025
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue				
Federal Through State:				
National School Lunch Program	$ 1,470,000	$ 1,930,000	$ 2,161,527	$ 231,527
Local:				
Food Services	2,323,200	1,348,200	1,054,554	(293,646)
Total Revenue	3,793,200	3,278,200	3,216,081	(62,119)
Expenditures				
Current:				
Food Service	3,768,200	3,928,250	4,102,698	(174,448)
Capital Outlay	25,000	4,950	-	4,950
(Total Expenditures)	(3,793,200)	(3,933,200)	(4,102,698)	(169,498)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(655,000)	(886,617)	(231,617)
Other Financing Source				
Transfers in	-	655,000	654,858	(142)
Net Change in Fund Balance	-	-	(231,759)	(231,759)
Fund Balance, Beginning of Year	(517,107)	(517,207)	674,948	1,192,155
Fund Balance, End of Year	$ (517,107)	$ (517,207)	$ 443,189	$ 960,396

See accompanying notes.

BUDGETARY COMPARISON STATEMENT
MAJOR SPECIAL REVENUE FUND - ARP-ESSER
FOR THE YEAR ENDED JUNE 30, 2025
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue				
Federal Through State:				
Other Grants	$ 417,359	$ 417,359	$ 417,359	$ -
Total Revenue	417,359	417,359	417,359	-
Expenditures				
Current:				
Instruction	411,309	411,309	410,870	439
Instructional Support Services	6,050	6,050	6,489	(439)
(Total Expenditures)	(417,359)	(417,359)	(417,359)	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	$ -	$ -	$ -	$ -

See accompanying notes.

BUDGETARY COMPARISON STATEMENT
MAJOR SPECIAL REVENUE FUND - STUDENT ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue				
Local:				
Contributions	$ 10,000	$ 10,000	$ 9,480	$ (520)
Membership Dues	15,000	15,000	9,668	(5,332)
Athletic Events	1,383,981	1,698,981	2,140,483	441,502
Student Events and Services	775,000	800,000	840,382	40,382
Total Revenue	2,183,981	2,523,981	3,000,013	476,032
Expenditures				
Current:				
Athletic Events	1,383,981	1,698,981	1,680,999	17,982
Student Activities	800,000	825,000	813,566	11,434
(Total Expenditures)	(2,183,981)	(2,523,981)	(2,494,565)	29,416
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	505,448	505,448
Fund Balance, Beginning of Year	-	-	894,936	894,936
Fund Balance, End of Year	$ -	$ -	$ 1,400,384	$ 1,400,384

See accompanying notes.

BUDGETARY COMPARISON STATEMENT
MAJOR SPECIAL REVENUE FUND - THE VILLAGES CHARTER SCHOOL AUTISM CENTER LLC
FOR THE YEAR ENDED JUNE 30, 2025
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue				
State - Through the Sumter County District School Board:				
Florida Education Finance Program	$ 1,256,153	$ 128,600	$ 128,060	$ (540)
Local:				
Contributions	431,373	2,255,733	2,244,300	(11,433)
Child Care and Other Fees	21,600	3,600	9,897	6,297
Miscellaneous	-	-	7,814	7,814
Total Revenue	1,709,126	2,387,933	2,390,071	2,138
Expenditures				
Current:				
Instruction	949,206	1,172,920	1,146,892	26,028
Instructional Support Services	49,568	311,458	281,263	30,195
General Support Services	444,927	701,830	618,832	82,998
Maintenance of Plant	245,425	150,425	145,099	5,326
Community Services	-	35,300	33,351	1,949
Capital Outlay	20,000	16,000	15,891	109
(Total Expenditures)	(1,709,126)	(2,387,933)	(2,241,328)	146,605
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	148,743	148,743
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	$ -	$ -	$ 148,743	$ 148,743

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Villages Charter School, Inc. (the School) is a not-for-profit corporation organized in 1999 pursuant to Chapter 617, Florida Statutes, *Florida Not-for-Profit Corporation Act*, and Section 1002.33, Florida Statutes, and operates an elementary, middle school, and high school as a charter school in the workplace. The governing body of the School is the Board of Directors, which is composed of five members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the Sumter County District School Board (the District). The current charter may be renewed or extended. At the end of the terms of the charter, the District may choose not to renew under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. Under Florida Statutes, the School's contract provides that in the event the School is dissolved or terminated, any unencumbered funds, and all the School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

The School is the sole member of The Villages Charter School Autism Center, LLC (the Autism Center) that operates a charter school with an emphasis on students with autism spectrum disorder. It began operations in January 2025. The Autism Center is presented as a major special revenue fund in the financial statements.

Criteria for determining if other entities are potential component units of the School, which should be reported with the School's financial statements, are identified and described in the Governmental Accounting Standards Board (GASB), *Codification of Governmental Accounting and Financial Reporting Standards*. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

Basis of Presentation

The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the major funds). The School's primary activities are classified as governmental activities.

In the government-wide statement of net position, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The School's net position is reported in four parts: net investment in capital assets, restricted for food services, restricted for student activities, and unrestricted net position.

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The statement of activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. Program revenues must be directly associated with the

function and 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. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

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

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.

Basic Financial Statements - Fund Financial Statements
The financial transactions of the School are reported in six individual funds in the fund financial statements. The funds are accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund balance, revenues, and expenditures/expenses.

The following fund types are used by the School:

- **Governmental Funds**
  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 following is a description of the major governmental funds of the School:

  - **General Fund**—is the general operating fund of the School. It is used to account for all financial resources. This fund is considered a major fund.

  - **Special Revenue Fund – Food Services**—to account for certain federal grants program resources, such as the National School Lunch Program. This fund is considered a major special revenue fund.

  - **Special Revenue Fund – ARP-ESSER**—to account for the Elementary and Secondary School Emergency Relief Fund (ESSER), and the *American Rescue Plan Act*; a grant arising from the COVID-19 pandemic. This fund is considered a major special revenue fund.

  - **Special Revenue Fund – Student Activities**—to account for resources of the School internal funds, which are used to administer monies collected for student athletic activities and student organizations. This fund is considered a major special revenue fund.

  - **Special Revenue Fund – Villages Charter School Autism Center**—to account for all financial activities of the Autism Center. The fund is considered a major special revenue fund.

  - **Capital Projects Fund**—to account for the School's state Capital Outlay funds and construction capital projects. This fund is considered a major capital project fund.

Measurement Focus and Basis of Accounting
The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the recognition, regardless of the measurement focus applied.

- **Economic Resources Measurement Focus and Accrual Basis of Accounting**
  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. The effects of interfund activity have been eliminated from the government-wide financial statements.

- **Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting**
  The governmental 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 sixty days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Fund Equity
The following classifications describe the relative types of fund balances that are applicable to the School:

- Non-spendable fund balance—amounts that are not in a spendable form (such as inventory and prepaids) or are required to be maintained intact.

- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors) through constitutional provisions or by enabling legislation.

- Unassigned fund balance—amounts that are available for any purpose; positive amounts are reported only in the General Fund.

Cash in Bank
Cash in bank includes deposits held at a financial institution. The School's deposits are kept in a qualified public depository pursuant to Chapter 280 of the Florida Statutes. As provided for in Chapter 280, these funds shall be fully secured. The School has no formal deposit policy.

Inventory
Purchased food is valued at last invoice cost, which approximates the first-in, first-out basis. The cost of food inventory is recorded as expenditures when used rather than purchased, through the use of the consumption method. Additionally, beginning in fiscal year 2024, the School obtained land and began construction of homes to be donated to veterans as part of the high school construction educational program.

Capital Assets

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at cost. Donated 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. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation calculation is based on the straight-line method. Depreciation on all assets is provided over the following estimated useful lives:

5-10 Years	Library Books
3 Years	Software
5-15 Years	Furniture, Equipment, and Vehicles
15 Years	Infrastructure
15 to 40 Years	Building and Improvements

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the 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 School during the designated FTE student survey periods.

Charter School Capital Outlay Funds are appropriated per Section 1013.62(1), Florida Statutes, for capital outlay purposes. The Commissioner of Education allocates the funds among eligible charter schools.

The School receives revenues from sales of food and grant revenues through the National School Lunch Program.

The School also receives grant revenues, after-care fees, contributions from The Villages, contributions from other fundraising sources, and other miscellaneous items. There are no allocations of indirect expenses in the statement of activities.

Compensated Absences

The School has a policy to allow for paid days off (PDO) or compensated absences. At the end of the School year, a faculty member may choose to be paid for their unused PDOs (maximum of 10) at the current substitute daily rate. The payment is made at year-end; therefore, no compensated absences have been recorded.

Budgetary Information

By September 1 of each fiscal year, the School submits an annual budget to the Board of Directors for approval. Annual operating budgets are prepared on the generally accepted accounting principles basis for the general, special revenue, and capital project funds.

Note 2 - Capital Assets

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

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Government Activities				
Capital Assets Not Being Depreciated:				
Construction in Progress	$ 1,301,225	$ 1,602,931	$ (1,301,225)	$ 1,602,931
Land	21,590,000	-	-	21,590,000
Total Capital Assets Not Being Depreciated	22,891,225	1,602,931	(1,301,225)	23,192,931
Capital Assets Being Depreciated:				
Furniture and Equipment	3,922,388	1,272,652	-	5,195,040
Buildings	554,163,815	1,760,707	-	555,924,522
Library Books	474,523	31,117	-	505,640
Leasehold Improvements	11,936,448	12,081,207	-	24,017,655
Vehicles	1,514,609	293,394	-	1,808,003
Infrastructure	27,872,788	-	-	27,872,788
Total Capital Assets Being Depreciated	599,884,571	15,439,077	-	615,323,648
Less Accumulated Depreciation for:				
Furniture and Equipment	(1,732,169)	(403,217)	-	(2,135,386)
Buildings	(15,296,031)	(14,114,889)	-	(29,410,920)
Library Books	(326,553)	(26,522)	-	(353,075)
Leasehold Improvements	(494,902)	(428,014)	-	(922,916)
Vehicles	(738,011)	(179,496)	-	(917,507)
Infrastructure	(1,083,275)	(698,538)	-	(1,781,813)
(Total Accumulated Depreciation)	(19,670,941)	(15,850,676)	-	(35,521,617)
Total Capital Assets Being Depreciated, Net	580,213,630	(411,599)	-	579,802,031
Government Activities Capital Assets, Net	$ 603,104,855	$ 1,191,332	$ (1,301,225)	$ 602,994,962

Depreciation expense for the period was $15,850,676, which is all shown as unallocated in the statement of activities.

Note 3 - Due To/From Other Fund and Interfund Transfers

The following is a summary of interfund receivables and payables reported in the fund shown as due to/due from other funds in the financial statements:

Funds	Due To	Due From
General Fund	$ 397,983	$ 1,627,763
Special Revenue Funds	383,034	294,268
Capital Projects Funds	1,141,014	-
Total	$ 1,922,031	$ 1,922,031

The due to/from other fund represents the payment of expenditures by one fund for another and are to be repaid or assets held on behalf of another fund.

Transfers between funds were as follows:

	Transfers In			
Transfers Out	**General**	**Food Service**	**Capital Projects**	**Total**
General Fund	$ -	$ 54,858	$ -	$ 54,858
Capital Project Fund	2,496,991	600,000	-	3,096,991
Total	$ 2,496,991	$ 654,858	$ -	$ 3,151,849

Transfers included moving capital outlay funds from the Capital Projects fund to repay for capital outlay maintenance in the General Fund. Also, transfers were made to the Food Service fund to supplement the activity with unrestricted contributions in the General Fund.

Note 4 - Federal and State Taxes

During 1999, the School was incorporated as a Florida not-for-profit corporation. Effective February 2, 2021, the School was granted federal tax-exempt status under Internal Revenue Code (IRC) Section 501 (c)(3).

Note 5 - Related-Party Transactions

During the year ended June 30, 2025, there were various transactions between the School and related parties. A listing of these transactions is as follows:

- The Villages of Lake-Sumter (VLS), the incorporator of the School, performs human resource and payroll services for the School. Total human resource and payroll services paid were $235,800. Amounts payable to VLS as of June 30, 2025, were $39,225.

- The Villages Technology Solutions Group (TSG) provides technology services to the School and purchases of computer equipment. Total technology expense paid was $800,391. Amounts payable to TSG as of June 30, 2025, were $12.

- The Holding Company of The Villages (parent company of VLS) made contributions in the amount of $28,577,631 to the School for operating costs and capital construction projects.

- The Villages Operating Co. (VOC) provides sound and lighting services for School events and postage services. Amounts payable to VOC as of June 30, 2025, were $5,142.

- The Villages Development Company (VDC) assisted with construction of the School's Transportation Bus Facility. Amounts payable to VDC to reimburse construction costs were $594,629 as of June 30, 2025.

- The School pays for employee benefit premiums on behalf of The Villages Charter School Autism Center. Amounts payable to the School as of June 30, 2025, were $5,375.

Note 6 - Leases

Donated Buildings and Assignment of Lease

VLS was the owner of several school buildings leased to the District on behalf of the students of the School. In December 2022, VLS donated school buildings to the School. The current lease agreement between VLS and the District was assigned to the School, and the School now leases the buildings to the District.

The terms of this lease agreement require the amount of the annual lease payments to be determined by a percentage of the millage of the taxable value of real property within The Villages. Because the terms of the agreement are based on a future performance of property values, GASB Statement No. 99, *Omnibus 2022,* states the following: "variable payments, such as those based on future performance of the lessee or usage of the underlying asset, should not be included in the measurement of the lease liability". Therefore, the terms of this lease are not required to be reported under the guidance of GASB Statement No. 87, *Leases*. Lease revenue under the terms of this agreement was $15,206,516 during the year ended June 30, 2025.

Copier Lease Agreements

The School has lease agreements for multiple copiers accounted for as a short-term operating lease. Total lease expense for these agreements was $146,544 for the year ended June 30, 2025.

Note 7 - Defined Contribution Plan

The School provides a defined contribution plan to qualified employees, Charter School, Inc. Employees Savings Plan, which qualifies as a 401(k) plan under the IRC.

The plan document allows employees to contribute a percentage of their total salary in accordance with the annual Internal Revenue Service limits, including catch-up contributions. The School is required to match 100% of the first 5% of the employee's contribution. Employees have 100% vesting in the plan for their portion of contributions but must follow a graduated vesting schedule for the employer's matching contributions. Total contributions made by the employer and employee were $1,321,514 and $2,172,777, respectively.

Note 8 - Risk Management Programs

General liability insurance is being provided through purchased commercial insurance. The School provides employee health insurance through a self-insurance program. Claims in excess of $100,000 per employee are covered by purchased reinsurance. All claims submitted are processed by a third-party administrator and are paid directly. Settled claims resulting from these risks have not exceeded commercial coverage in the last three years and there has not been a significant reduction in coverage during the fiscal year. The following is a summary of claims incurred and paid for the current and prior year:

Year	Claims Payable Beginning of Year	Claims Incurred	Claims Paid	Claims Payable End of Year
2024	$ 861,003	$ 2,850,780	$ (3,379,505)	$ 332,278
2025	332,278	4,093,654	(4,044,211)	381,721

ADDITIONAL ELEMENTS OF REPORT PREPARED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED STATES, THE UNIFORM GUIDANCE, AND CHAPTER 10.850*, RULES OF THE AUDITOR GENERAL*

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
The Villages Charter School, Inc.
The Villages, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of The Villages Charter School, 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 20, 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 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 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.

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, non-compliance with which could have a direct and material effect on

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*

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 non-compliance 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.

Purvis Gray

January 20, 2026
Ocala, Florida

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
The Villages Charter School, Inc.
The Villages, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program
We have audited The Villages Charter School, Inc.'s (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal program for the year ended June 30, 2025. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program
We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, and provisions of contracts or grant agreements to the School's federal programs.

Board of Directors
The Villages Charter School, Inc.
The Villages, Florida

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material non-compliance, 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 School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Board of Directors
The Villages Charter School, Inc.
The Villages, Florida

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

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

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

Purvis Gray

January 20, 2026
Ocala, Florida

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025
THE VILLAGES CHARTER SCHOOL, INC.
THE VILLAGES, FLORIDA

GRANTOR/Pass-Through Agency(ies) Program Title	Federal Assistance Listing Number	Expenditures
U.S. Department of Education		
Passed Through the Sumter County District School Board		
Special Education Grants to States (IDEA, Part B)	84.027A	$ 308,487
Career and Technical Education – Basic Grants to States (Perkins IV)	84.048A	13,075
Supporting Effective Instruction State Grant - Title II Part A	84.367A	63,918
COVID-19 – Education Stabilization Fund	84.425U	417,359
Total U.S. Department of Education		802,839
U.S. Department of Agriculture		
Passed Through the Florida Department of Agriculture and Consumer Services		
Child Nutrition Cluster:		
School Breakfast Program	10.553	316,047
National School Lunch Program	10.555	1,845,480
Total Child Nutrition Cluster		2,161,527
Total U.S. Department of Agriculture		2,161,527
Total Expenditures of Federal Awards		$ 2,964,366

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025
THE VILLAGES CHARTER SCHOOL, INC.
THE VILLAGES, FLORIDA

Notes to Schedule of Expenditures of Federal Awards

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Villages Charter School, Inc., and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B - Indirect Cost Rate

The Villages Charter School, Inc. did not elect the de minimus rate of 10% for determining indirect cost amounts.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025
THE VILLAGES CHARTER SCHOOL, INC.
THE VILLAGES, FLORIDA

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued:	Unmodified
Internal Control Over Financial Reporting:	
Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified?	None Reported
Non-Compliance Material to the Financial Statements Noted?	No

Federal Awards

Internal Control Over Major Programs:	
Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified?	None Reported
Type of Auditor's Report Issued on Compliance for Major Programs:	Unmodified
Identification of Major Programs:	
Federal Program or Cluster:	
Child Nutrition Cluster	Federal Assistance Listing No. 10.553 and 10.555
Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs	$750,000
Auditee Qualified as Low-Risk Auditee Pursuant to the Uniform Guidance?	Yes

Other Issues

(a) No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs.

(b) The audit disclosed no findings which are required to be reported under the Uniform Guidance.

MANAGEMENT LETTER

Board of Directors
The Villages Charter School, Inc.
The Villages, Florida

Report on the Financial Statements
We have audited the financial statements of The Villages Charter School, Inc. (the School) as of and for the year ended June 30, 2025, and have issued our report thereon dated January 20, 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); 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*, Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated January 20, 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 and 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 entity are The Villages Charter School, Inc., #2001 and The Villages Charter School Autism Center, #2002.

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 of the specific conditions 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.

Board of Directors
The Villages Charter School, Inc.
The Villages, Florida

MANAGEMENT LETTER

- 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 review of financial information provided by same.

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

Transparency

- Sections 10.854(1)(e)7. and 10.855(13), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains 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 non-compliance 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 have any such findings.

Purpose of this Letter

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

Purvis Gray

January 20, 2026
Ocala, Florida

PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

purvisgray.com