BELLALAGO CHARTER ACADEMY

(A division of The Foundation for Osceola Education, Inc.)

Basic Financial Statements and Supplemental Information

Year Ended June 30, 2026

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position (Deficit)	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	14
Notes to Financial Statements	15-44
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	45
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Special Revenue	46
Schedule of Proportionate Share of Net Pension Liability	47
Schedule of Contributions	48
Schedule of Changes in the District's Total Other Postemployment Benefits Liability and Related Ratios	49
Notes to Required Supplemental Information	50-52
SUPPLEMENTAL INFORMATION	
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*	53-54
INDEPENDENT ACCOUNTANT'S REPORT	55
MANAGEMENT LETTER	56-57
MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES	58

MKA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Partners
W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga
Rich J. Cassidy
Justin R. Cabral

To the Charter Board of Trustees
The Foundation for Osceola Education, Inc.
Kissimmee, Florida

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Bellalago Charter Academy (the "School"), a division of The Foundation for Osceola Education, Inc. (the "Charterholder"), which is a component unit of the School District of Osceola County, Florida as of and for the year ended June 30, 2026, 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 and for the year ended June 30, 2026, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Winter Park, FL 32789
501 S. New York Ave.
Clearwater St. Petersburg N. Palm Beach Miami Lakes Miramar
Moss, Krusick & Associates, LLC

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 and budgetary comparison information on pages 4–8 and 45–52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 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 Bellalago Charter Academy's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
October 2, 2026

Management's Discussion and Analysis

As management of Bellalago Charter Academy (the "School"), a division of The Foundation for Osceola Education, Inc., we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2026 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the 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 starting on page 9.

Financial Highlights

- The liabilities of the School exceeded its assets at the close of the most recent fiscal year by $2,608,925.
- The government's total net position decreased by $260,637.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balance of $1,995,561, a decrease of $550,331 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements 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.

The School as a Whole

The information in the government-wide financial statements include all assets and liabilities using the accrual basis of accounting (and reports depreciation on capital assets), which is similar to the basis of accounting used by most private-sector companies.

The change in net position (the difference between total assets and total liabilities) over time is one indicator of whether the School's financial health is improving or deteriorating. However, when making an assessment of the School's health, consideration should be given to other nonfinancial factors, such as changes in enrollment, changes in the State's funding of educational costs, changes in the economy, etc.

Changes in the School's net position as of June 30 were as follows.

	2026	2025	Change
Current assets	$ 3,768,169	$ 3,306,170	$ 461,999
Capital asset - net	928,411	1,036,632	(108,221)
Total assets	4,696,580	4,342,802	353,778
Deferred outflows	1,177,214	1,165,214	12,000
Current liabilities	1,782,916	774,550	1,008,366
Non-current liabilities	299,123	314,951	(15,828)
Net pension liability	5,449,131	6,209,526	(760,395)
Total liabilities	7,531,170	7,299,027	232,143
Deferred inflows	951,549	557,277	394,272
Net position (deficit)	$ (2,608,925)	$ (2,348,288)	$ (260,637)
Net position consist of:			
Investment in capital assets	$ 928,411	$ 1,036,632	$ (108,221)
Restricted for capital outlay	945,028	890,132	54,896
Unrestricted	(4,482,364)	(4,275,052)	(207,312)
Net position (deficit)	$ (2,608,925)	$ (2,348,288)	$ (260,637)

Changes in the School's expenses for the years ended June 30 were as follows:

	2026	2025	Change
Basic instruction	$ 4,357,359	$ 5,804,395	$ 1,447,036
Exceptional instruction	1,209,708	884,818	(324,890)
Other pupil personnel services	138,684	213,539	74,855
Guidance services	240,832	230,325	(10,507)
Health services	51,440	49,503	(1,937)
Parent involvement	4,085	10,737	6,652
Instructional media	79,617	84,996	5,379
Curriculum development	226,703	230,241	3,538
Instructional staff training	179,194	214,751	35,557
Instructional related technology	55,199	54,119	(1,080)
Board of directors	51,400	51,600	200
General administrative	1,276,500	1,233,139	(43,361)
School administration	751,829	758,323	6,494
Facilities	1,095,020	1,942,925	847,905
Fiscal services	139	-	(139)
Food service	341	5,962	5,621
Transportation	618	-	(618)
Planning and research	-	954	954
Staff services	-	5,480	5,480
Plant operation	803,245	880,963	77,718
Plant maintenance	105,166	94,154	(11,012)
Total expenses	$10,627,079	$12,750,924	$ 2,123,845

The increase in current assets is due to the School being more liquid in the current year. The increase in current liabilities is due to the School's timing of payment for the capital reserve requirement to other agencies. The changes in deferred outflows and inflows of resources and net pension liability are due to the changes in pension plan assumptions, experience, investments, employer specific changes and subsequent contributions after the measurement date. The School's costs decreased primarily due to decreases in basic instruction and facilities offset by an increase in exceptional instruction. The decreases are attributed to a decreased number of teachers and staff needed and decrease in repairs to HVAC and roofing.

Changes in the School's revenues were as follows:

	2026	2025	Change
Revenues:			
Program revenues			
Capital grants	$ 949,690	$ 838,269	$ 111,421
Special revenues	851,504	696,984	154,520
General revenues	8,565,248	8,971,042	(405,794)
	$ 10,366,442	$ 10,506,295	$ (139,853)

Revenues decreased during the year due to a decrease in the number of students.

Government-Wide Financial Statements

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

The statement of net position presents information on all of the 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 School is improving or deteriorating.

The statement of activities presents information showing how the government'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 (e.g., uncollected funding and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities) and charges for services from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the School include the overall operations of the School.

The government-wide financial statements include only the School itself, which is a division of The Foundation for Osceola Education, Inc.

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 School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of Bellalago Charter Academy 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 School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains three 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, special revenue, and capital outlay funds, all of which are considered to be major funds.

The School adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the School to demonstrate compliance with this budget.

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

Notes to 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 a government's financial position. In the case of the School, liabilities exceeded assets by $2,608,925 at the close of the most recent fiscal year.

A portion of the School's net position is reflected in its investment in capital assets (e.g., improvements other than buildings, furniture, fixtures and equipment and building and fixed equipment), less any related outstanding debt used to acquire those assets that is still outstanding. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the 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 School's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the current fiscal year, the School's governmental funds reported combined ending fund balance of $1,995,561.

The general fund is the main operating fund of the School. At the end of the current fiscal year, the unassigned fund balance of the general fund was $986,013.

The fund balance of the School's general fund decreased by $484,795 during the current fiscal year.

Capital Assets

The School's investment in capital assets for its governmental type activities as of June 30, 2026, amounts to $928,411 (net of accumulated depreciation). This investment in capital assets includes improvements other than buildings, furniture, fixtures and equipment, information technology equipment and building and fixed equipment.

General Fund Budgetary Highlights

During the fiscal year, the School maintained an operating budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize changes in funding amounts; and 3) changes in appropriations that become necessary to maintain services.

In the General Fund, the actual expenditures were less than budgeted expenditures by $186,122 as instruction and other pupil personnel services were reduced by cost cutting, which were offset by increases in exceptional instruction and guidance services.

Economic Factors and Next Year's Budget

For fiscal year 2026, the State of Florida continued to include a teacher salary increase allocation of $1 billion and will continue to be part of FEFP funding. An average 2% merit increase for all staff was included in the budget. All other expenditures are budgeted in alignment with enrollment changes and the School's strategic objectives.

Request for Information

This financial report is designed to provide a general overview of Bellalago Charter Academy's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The School District of Osceola County, Florida, 817 Bill Beck Blvd, Kissimmee, Florida 34744.

Bellalago Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

STATEMENT OF NET POSITION (DEFICIT)

June 30, 2026

	Governmental Activities
CURRENT ASSETS	
Cash	$ 1,709,509
Investments	2,051,323
Interest receivable	7,337
Total current assets	3,768,169
Capital assets, net of accumulated depreciation	
Building and fixed equipment	442,295
Improvements other than buildings	300,755
Furniture, fixtures, and equipment	185,361
Total capital assets	928,411
Total assets	4,696,580
DEFERRED OUTFLOWS	
Related to changes in the net pension liabilities	1,101,786
Related to changes in the OPEB liabilities	75,428
Total deferred outflows	1,177,214
CURRENT LIABILITIES	
Accounts payable	2,727
Compensated absences due within one year	10,309
Accrued liabilities	201,212
Due to school district	625
Due to other agency	1,568,043
Total current liabilities	1,782,916
Compensated absences due after one year	299,123
Net pension liabilities	5,180,764
OPEB liabilities	268,367
Total liabilities	7,531,170
DEFERRED INFLOWS	
Related to changes in the net pension liabilities	859,385
Related to changes in the OPEB liabilities	92,164
Total deferred inflows	951,549
NET POSITION (DEFICIT)	
Investment in capital assets	928,411
Restricted for capital outlay	945,028
Unrestricted	(4,482,364)
Total net position (deficit)	$ (2,608,925)

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

Bellalago Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

STATEMENT OF ACTIVITIES

Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
Basic instruction	$ 4,357,359	$ -	$ 92,021	$ -	$ (4,265,338)
Exceptional instruction	1,209,708	-	422,565	-	(787,143)
Other pupil personnel services	138,684	-	-	-	(138,684)
Guidance services	240,832	-	81,922	-	(158,910)
Health services	51,440	-	-	-	(51,440)
Parent involvement	4,085	-	4,085	-	-
Instructional media	79,617	-	-	-	(79,617)
Curriculum development	226,703	-	79,111	-	(147,592)
Instructional staff training	179,194	-	171,800	-	(7,394)
Instructional related technology	55,199	-	-	-	(55,199)
Board of directors	51,400	-	-	-	(51,400)
General administrative	1,276,500	-	-	-	(1,276,500)
School administration	751,829	-	-	-	(751,829)
Facilities	1,095,020	-	-	949,690	(145,330)
Fiscal services	139	-	-	-	(139)
Food services	341	-	-	-	(341)
Transportation	618	-	-	-	(618)
Plant operation	803,245	-	-	-	(803,245)
Plant maintenance	105,166	-	-	-	(105,166)
Total governmental activities	$ 10,627,079	$ -	$ 851,504	$ 949,690	(8,825,885)
General revenues:					
State passed through local school district					8,406,065
Interest revenue					137,516
Other revenue					21,667
Total revenues					8,565,248
Change in net position					(260,637)
Net position (deficit) at July 1, 2025					(2,348,288)
Net position (deficit) at June 30, 2026					$ (2,608,925)

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

Bellalago Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2026

	General Fund	Special Revenue Fund	Capital Outlay Fund	Total
ASSETS				
Cash	$ 1,595,427	$ 22,901	$ 91,181	$ 1,709,509
Investments	1,501,545	-	549,777	2,051,322
Interest receivable	7,337	-	-	7,337
Total assets	$ 3,104,309	$ 22,901	$ 640,958	$ 3,768,168
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 2,725	$ -	$ -	$ 2,725
Accrued liabilities	178,938	22,276	-	201,214
Due to school district	-	625	-	625
Due to other agency	1,568,043	-	-	1,568,043
Total liabilities	1,749,706	22,901	-	1,772,607
FUND BALANCES				
Committed for capital outlay	304,070	-	640,958	945,028
Committed for contracts	64,520	-	-	64,520
Unassigned	986,013	-	-	986,013
Total fund balances	1,354,603	-	640,958	1,995,561
Total liabilities and fund balances	$ 3,104,309	$ 22,901	$ 640,958	$ 3,768,168

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

Bellalago Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2026

Fund balances - total governmental funds		$ 1,995,561
The net assets reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:		
Buildings and fixed equipment, net of $134,776 of accumulated depreciation	$ 442,295	
Improvements other than buildings, net of $98,331 accumulated depreciation	300,755	
Furniture, fixtures and equipment, net of $366,281 accumulated depreciation	185,361	
Total capital assets		928,411
Long-term liabilities are not due and payable in the current period and so are not reported as fund liabilities, but are included in the statement of net position (deficit).		
Compensated absences		(309,432)
Net pension liability and related deferred inflows/outflows are not due and payable in the current period and, therefore, are not reported in the funds		(4,938,363)
OPEB liability and related deferred inflows/outflows are not due and payable in the current period and, therefore, are not reported in the funds		(285,102)
Total net position of governmental activities		$ (2,608,925)

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

Bellalago Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended June 30, 2026

	General Fund	Special Revenue Fund	Capital Outlay Fund	Total Governmental Funds
Revenues				
State passed through local school district	$ 8,406,065	$ -	$ 685,864	$ 9,091,929
Federal passed through state	-	851,504	-	851,504
Interest revenue	137,516	-	-	137,516
Other revenue	21,667	-	263,826	285,493
Total revenues	8,565,248	851,504	949,690	10,366,442
Expenditures				
Current:				
Basic instruction	4,646,130	92,021	-	4,738,151
Exceptional instruction	798,611	422,565	-	1,221,176
Other pupil personnel services	139,326	-	-	139,326
Guidance services	158,910	81,922	-	240,832
Health services	51,440	-	-	51,440
Parent involvement	-	4,085	-	4,085
Instructional media	79,617	-	-	79,617
Curriculum development	147,592	79,111	-	226,703
Instructional staff training	7,394	171,800	-	179,194
Instructional related technology	55,199	-	-	55,199
Board of directors	51,400	-	-	51,400
General administrative	1,276,500	-	-	1,276,500
School administration	609,880	-	-	609,880
Facilities	1,025,184	-	71,412	1,096,596
Fiscal services	139	-	-	139
Food services	341	-	-	341
Transportation	618	-	-	618
Plant operation	808,257	-	-	808,257
Plant maintenance	105,166	-	-	105,166
Fixed capital outlay	32,153	-	-	32,153
Total expenditures	9,993,857	851,504	71,412	10,916,773
Excess (deficiency) of revenues over (under) expenditures	(1,428,609)	-	878,278	(550,331)
Other financing sources (uses)				
Fund transfers in (out)	943,814	-	(943,814)	-
Net change in fund balances	(484,795)	-	(65,536)	(550,331)
Fund balances at July 1, 2025	1,839,398	-	706,494	2,545,892
Fund balances at June 30, 2026	$ 1,354,603	$ -	$ 640,958	$ 1,995,561

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

Bellalago Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2026

Net change in fund balances - total government funds		$ (550,331)
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.		
Total fixed capital outlay	$ 33,963	
Depreciation	(141,950)	
Loss on sale and disposal of asset	(234)	
		(108,221)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Changes in:		
Net pension	$ 763,277	
OPEB liabilities	(2,882)	
Deferred inflows related to net pension liabilities	(427,162)	
Deferred inflows related to OPEB liabilities	32,890	
Deferred outflows related to net pension and OPEB liabilities	16,005	
Deferred outflows related to OPEB liabilities	(4,004)	
Compensated absences	19,791	
		397,915
Change in net position of governmental activities		$ (260,637)

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

Bellalago Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

NOTES TO FINANCIAL STATEMENTS

June 30, 2026

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

   Bellalago Charter Academy (the "School"), is a division of The Foundation for Osceola Education, Inc. (the "Charterholder"), which is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors (the "Board"), which is composed of 40 members. The Charterholder also has a four member board which oversees the School. The financial information presented is that of Bellalago Charter Academy only.

   The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under the charter of the sponsoring school district, the District School Board of Osceola County, Florida (the "District"). The current charter is effective until June 30, 2032. At the end of the term of the charter, the District may choose to renew the charter under grounds specified in the charter. In this case, the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the District. The School is considered a division of the Charterholder which is a component unit of the District.

2. Government-wide and fund financial statements

   The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business-type activities.

   Net position, the difference between assets and liabilities, as presented in the statement of net position, are subdivided into three categories: amounts invested in capital assets, restricted net assets, and unrestricted net assets. Net position are reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments, or enabling legislation.

   The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function. Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

   Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. Three of the School's funds were deemed major funds. Reconciliations are provided that convert the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

   The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

   All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days. 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. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, expenditures related to the pension, deferred inflows, and deferred outflows are only recorded when due.

   The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

   The governmental fund financial statements present fund balances based on the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

Nonspendable: This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.

Assigned: This classification includes amounts that the Board of Directors intends to use for a specific purpose but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.

Unassigned: This classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the general fund.

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

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

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

General Fund - the general operating fund of the School. It is used to account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund – to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes, including all federal grant revenues passed through the School District (i.e., Title 1, Individuals with Disabilities Education Act (IDEA), and Title IV).

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

   Capital Outlay Fund - in accordance with guidelines established by the School District of Osceola County, Florida, this fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital outlay funds.

   The School has contracted operations of the School to the District. The District accounts for certain school level assets, liabilities, revenues, and expenses that are not a part of the School. These items, including the functional classification of expenses, are not reported in the School's financial statements.

4. Cash and cash equivalents

   The School's cash is made up of cash on hand and checking account deposits held at a financial institution. Deposits are held and maintained by the District. All deposits are insured by federal depository insurance and are collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

5. Investments

   Investments represent amounts placed with the District, which invests the amounts on behalf of the School in its investment portfolio consisting of certificates of deposit, US treasury bonds, money market funds, and State of Florida State Board of Administration (SBA) accounts primarily in Florida PRIME, formerly know as the Local Government Trust Fund Investment Pool. The School reports these investments at fair value as determined by the District. Realized gains or losses, which are included in other revenues in the accompanying financial statements, represent the net increase or decrease in the School's investment with the District. The District's investment policy allows for investments rated "AA" or better, and limits the amounts the District may invest in any one issuer.

6. Capital assets

   Capital assets are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than $1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation.

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Capital assets (continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or that do not materially extend the asset's life are not capitalized. Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Improvements other than buildings	8 - 40
Furniture, fixtures and equipment	3 - 15
Information technology equipment	3 - 5

7. Revenue recognition

Student funding is provided by the State of Florida through the School District. Such funding is recorded as State passed through local school district in the government-wide financial statements and fund financial statements. This funding is received on a prorate basis over the twelve month period and is adjusted for changes in full-time equivalent (FTE) student population.

8. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District pursuant to the funding provisions included in the School's charter agreement with the District. In accordance with the funding provisions of the charter and Section 1002.33(17), 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 revised calculations by the FDOE under the Florida Education Finance Program and actual weighted FTE students reported by the School during designated FTE student survey periods.

The School received federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

9. Expenses

The District operates the School pursuant to a long-term contract with the Charterholder. The District processes the payment of all operating expenses on behalf of the School.

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Interfund receivables and payables

    The purpose of interfund transfers are to cover payments made from the general fund on behalf of the capital outlay fund for purchase of capital assets and payments for the debt service.

11. Use of estimates

    The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America which requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

12. Pensions/Other postemployment benefits (OPEB)

    In the government-wide statement of net position, liabilities are recognized for the School's proportionate share of each pension plan's net pension and OPEB liability. For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEBs, pension and OPEB expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan, the Health Insurance Subsidy (HIS) defined benefit plan, and OPEB plan, and additions to/deductions from the FRS's, the HIS's, and the OPEB's fiduciary net position have been determined on the same basis as they are reported by the FRS, the HIS, and the OPEB plans. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

13. Income taxes

    The School is a charter school under the Foundation for Osceola Education, Inc., which qualifies as a tax-exempt organization, and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

14. Budgetary data

    The budgetary process is prescribed by provisions of the laws of Florida and requires the governing board to adopt an operating budget each year. The School governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with legal restriction that expenditures cannot exceed appropriations by major function at year end.

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

14. Budgetary data (continued)

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

15. Deferred outflows/ inflows of resources

In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time.

16. Accounting pronouncements implemented

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. GASB 103 aims to enhance the effectiveness of the financial reporting model by improving key components such as Management's Discussion and Analysis (MD&A), the presentation of proprietary fund statements, and the reporting of unusual or infrequent items. It also introduces standardized definitions for operating and nonoperating revenues and expenses, and requires separate presentation of major component units and budgetary comparison information as required supplementary information (RSI). The provisions of GASB 103 were implemented in the year ended June 30, 2026. The adoption of this standard had no significant impact on the School's financial statements.

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB 104 enhances transparency by requiring separate disclosures of specific types of capital assets in the notes to financial statements. These include lease assets (GASB 87), intangible right-to-use assets (GASB 94), subscription-based IT assets (GASB 96), and other intangible assets, all disclosed by major class. Additionally, GASB 104 introduces disclosure requirements for capital assets held for sale - defined as assets the government has decided to sell and for which it is probable the sale will be finalized within one year of the financial statement date. Governments must disclose the historical cost, accumulated depreciation, and any related debt for which such assets are pledged as collateral. The provisions of GASB 104 were implemented in the year ended June 30, 2026. The adoption of this standard had no significant impact on the School's financial statements.

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

17. New GASB pronouncements

GASB issued Statement No. 105, Subsequent Events, in December 2025. GASB 105 enhances consistency in financial reporting by clarifying the requirements for accounting for and disclosing subsequent events. The Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. It also clarifies the distinction between recognized and nonrecognized subsequent events and establishes specific disclosure requirements for nonrecognized events. Governments are required to disclose the date through which subsequent events have been evaluated. The provisions of GASB 105 are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged.

NOTE B - CASH AND INVESTMENTS

The carrying amount of the School's cash deposits were $1,709,509. Monies in amounts greater than the insurance coverage of the FDIC are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the School pursuant to Section 280.08, Florida Statutes.

The School follows the District's investment policy. As of June 30, 2026, the School had $2,051,323 invested in the State Board of Administration Florida Prime.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy limits investments to a maximum of 5½ years and the investment of current operating funds to no longer than 2 years.

NOTE B - CASH AND INVESTMENTS (continued)

- Florida PRIME had a weighted average days to maturity (WAM) of 53 days at June 30, 2026. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

- For Florida PRIME, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days." With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. As of June 30, 2026, no disclosure was made and there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

- The investment policy allows for investments in certificates of deposit, time deposits, securities of the United States Government, other forms of authorized investments described in the Florida Statutes, and money market funds based on the highest rating by any one Nationally Recognized Statistical Ratings Organization (NRSRO).

- As of June 30, 2026, the School's investments in Florida PRIME are rated "AAAm" by Standard & Poor's.

Custodial credit risk is the risk of loss attributed to the failure of the depository bank.

NOTE B - CASH AND INVESTMENTS (continued)

- Section 218.415(18), Florida Statutes, requires the School to earmark all investments and (1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; (2) if in a book-entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or (3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault. The School's investments are held by a safekeeping agent, in the name of the District.

Concentration of credit risk is the risk of loss attributed to the magnitude of the School's investment in a single issuer.

- The investment policy limits the amounts the School may invest in any one issuer, based on the type of instrument as follows:

Investment Type	Percent
United States Government Securities	100%
United States Government Agencies	75%
Corporates	25%
Municipals	25%
Agency Mortgage-Backed Securities	25%
Non-Negotiable Collaterized Bank Deposits/Savings Accounts	50%
Commercial Paper	25%
Bankers' Acceptances	10%
Repurchase Agreements	40%
Money Market Funds	50%
Intergovernmental Pools (LGIPs)	50%

- The School's investments are issued or explicitly guaranteed by the United States Government or are in external investment pools, which do not require disclosure for concentration of credit risk.

NOTE C - CAPITAL ASSETS

Changes in capital asset activity for the year ended June 30, 2026 were as follows:

	Balance at July 1, 2025	Additions	Deletions	Balance at June 30, 2026
Capital assets depreciated:				
Improvements other than buildings	$ 399,086	$ -	$ -	$ 399,086
Building and fixed equipment	577,071	-	-	577,071
Furniture, fixtures and equipment	544,679	33,963	27,000	551,642
Total assets depreciated	1,520,836	$ 33,963	$ 27,000	1,527,799
Less accumulated depreciation:				
Improvements other than buildings	71,604	26,727	-	98,331
Building and fixed equipment	92,228	42,548	-	134,776
Furniture, fixtures and equipment	320,372	72,675	26,766	366,281
Total accumulated depreciation	484,204	$ 141,950	$ 26,766	599,388
Total governmental activities capital assets, net	$ 1,036,632			$ 928,411

Depreciation expense of $141,950 for the year ended June 30, 2026, was charged solely to the school administration function.

NOTE D - CONCENTRATIONS

Revenue sources

As stated in Note A-8, the School receives revenues for current operations primarily from the State of Florida passed through the District. The following is a schedule of revenue sources and amounts:

Source	Amount
School District of Osceola County, Florida	
Base funding	$ 5,805,970
ESE guaranteed allocation	368,172
Class size reduction funds	1,009,480
Educational enrichment share	249,644
Safe school	94,286
Discretionary millage compression allocation	352,186
Discretionary local effort	537,431
Prior year audit adjustment	(11,104)
Subtotal	8,406,065
Capital outlay	685,864
Title federal revenue	391,189
Capital improvements	257,950
IDEA Grant revenue	440,339
Other federal revenue	19,976
Total revenue through the School District of Osceola County, Florida	10,201,383
Other revenues	
Investment income	137,516
Other	27,543
	$ 10,366,442

The administration fee paid to the District during the year ended June 30, 2026 totaled $97,900 and is reflected as a general administration expense/expenditure in the accompanying financial statements. A significant decline in funding from the School District could have a material impact on future operations.

NOTE E - COMMITMENTS AND CONTINGENCIES

1. Management service contract

   The School is considered a benefit district charter school, which is managed by the Osceola County School District ("District"). Under this management agreement, the District is paid a management fee based on a percentage of total revenues earned by the School, not to exceed 14%, as defined in the agreement. Current management fees charged to operations totaled $1,158,600, or 13.77% of total State revenues less the District's administrative fee of this amount, for the year ended June 30, 2026.

2. Facilities sub-lease

   The Bellalago Educational Facilities Benefit District (the "Benefit District") and the Charterholder entered into a Lease and Security Agreement, dated as of April 15, 2004 (the "Lease Agreement"), pursuant to which the Benefit District leases the School and the land on which it is situated to the Charterholder, for an amount per year equal to the Lease Pledged Revenues (as defined below) received by the Charterholder (the "Fixed Rent"), payable in monthly installments on the 15th day of each month during the term of the Lease Agreement. As security for payment of the Fixed Rent, the Charterholder pledges and grants a lien on all of the funds (and the collections thereof) due from the District or the Florida Department of Education to fund the School in accordance with the provisions of Sections 1002.33(19), 1013.62, 1013.71, 1013.72, 1013.735, and 1013.737, as amended from time to time, and all other amounts allocated for capital uses received by the Charterholder with respect to the School (collectively, the "Lease Pledged Revenues"). No operating funds available to the School, including without limitation FEFP funds, are pledged under the Lease Agreement to the payment of the Fixed Rent. Unless earlier terminated for breach or default, the Lease Agreement expires on the earlier of (a) the date on which the Bonds have been paid and no longer outstanding, or (b) provision for the payment of such obligations has been provided for as provided in the Indenture. The Lease Agreement is a "net" lease and the School is obligated to pay all costs, impositions, insurance premiums, and all other expenses and obligations related to the use and occupancy of the premises from operating revenues received by the School.

   For the year ended June 30, 2026, the School received capital related revenues of $949,690, which consisted of $685,864 for capital outlay and $263,826 for local capital improvement. Therefore, per the above, this expense was charged to the facilities of the School as rental expense.

   Additionally, the School is required to pay the Benefit District an amount sufficient to allow the Benefit District to establish and maintain a capital repair reserve account. The amount is based on student enrollment, which was $80 per student each year for fiscal 2026. The amount paid in the current year totaled $81,370 and is included in facilities.

NOTE E - COMMITMENTS AND CONTINGENCIES (continued)

2. Facilities sub-lease (continued)

The schedule below is based on the current year student enrollment. This amount will fluctuate from year to year as enrollment changes. Aggregate remaining commitments at June 30, 2026 under this sub-lease agreement are summarized as follows:

2027	$ 81,370
2028	81,370
2029	81,370
2030	81,370
2031	81,370
Thereafter	406,850
	$ 813,700

3. Legal issues

In the normal course of conducting its operations, the School occasionally becomes involved in various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

NOTE F - FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PENSION PLANS

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

Essentially all regular employees of the School are eligible to enroll as members of the State-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other

NOTE F - FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PENSION PLANS (continued)

nonintegrated programs. A comprehensive annual financial report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The School's pension expense totaled $207,558 for the fiscal year ended June 30, 2026.

1. **FRS Pension Plan**

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

- FRS, Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- FRS, Elected County Officers Class – Members who hold specified elective offices in local government.
- FRS, Senior Management Service Class – Members in senior management level positions.

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

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

NOTE F - FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PENSION PLANS (continued)

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

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Elected County Officers	3.00
Senior Management Service Class	2.00

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

NOTE F - FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PENSION PLANS (continued)

Contributions. The State of Florida established contribution rates for participating employers and employees. Contribution rates during the 2025-26 fiscal year were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	14.03
Florida Retirement System, Elected County Officers	3.00	54.57
Florida Retirement System, Senior Management	3.00	33.24
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plans	0.00	22.02
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 2.00 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Public Employee Optional Retirement Program.

(B) Contribution rates are dependent upon the retirement class or plan in which reemployed.

The School's contributions, including employee contributions, to the Plan totaled $352,796 for the fiscal year ending June 30, 2026. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2026, the School reported a liability of $3,218,517 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The School's proportionate share of the net pension liability was based on the School's 2025-26 fiscal year contributions relative to the 2024-25 fiscal year contributions of all participating members. At June 30, 2025, the School's proportionate share was .005761686 percent, which was an decrease of .001226052 from its proportionate share measured as of June 30, 2024.

NOTE F - FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PENSION PLANS (continued)

For the fiscal year ended June 30, 2026, the School recognized pension expense of $175,728 related to the Plan. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outlows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 236,869	$ -
Change of assumptions	257,527	-
Net difference between projected and actual earnings on FRS pension plan investments	-	370,259
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	29,582	128,222
District contributions subsequent to the measurement date	437,536	-
Total	$ 961,514	$ 498,481

The deferred outflows of resources related to pensions, totaling $437,536, resulting from School contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Years Ending June 30	
2026	$ (368,751)
2027	141,315
2028	160,667
2029	92,266
	$ 25,497

NOTE F - FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions. The total pension liability in the July 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.50 percent, average, including inflation
Investment rate of return	6.7 percent, net of pension paln investment expense, including inflation

Mortality rates were based on PUB 2010 base table with Scale MP-2021. The actuarial assumptions used in the July 1, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

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

Asset Class	Target Allocation (A)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.2%	1.1%
Fixed Income	29.0%	5.5%	5.4%	4.0%
Global Equity	45.0%	8.5%	6.9%	18.3%
Real Estate (Property)	12.0%	8.4%	7.1%	16.8%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.5%	6.1%	8.7%
Total	100%			
Assumed inflation - Mean		2.4%		1.5%

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

NOTE F - FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PENSION PLANS (continued)

Discount Rate. The discount rate used to measure the total pension liability was 6.7 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the School's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 6.7 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.7 percent) or 1 percentage-point higher (7.7 percent) than the current rate:

	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
District's proportionate share of the net pension liability	$ 6,316,290	$ 3,218,517	$ 621,389

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payable to the Pension Plan. At June 30, 2026, the District reported a payable of $196,732 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2026.

2. **HIS Pension Plan**

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

NOTE F - FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PENSION PLANS (continued)

Benefits Provided. For the fiscal year ended June 30, 2026, eligible retirees and beneficiaries received a monthly HIS payment of $7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $45 and a maximum HIS payment of $225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2026, the contribution rate was 2.00 percent of payroll pursuant to section 112.363, Florida Statues. The School contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The School's contributions to the HIS Plan totaled $79,137 for the fiscal year ended June 30, 2026.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2026, the School reported a net pension liability of $1,962,247 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2026, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2026. The School’s proportionate share of the net pension liability was based on the School’s 2024-25 fiscal year contributions relative to the total 2024-25 fiscal year contributions of all participating members. At June 30, 2026, the School’s proportionate share was .008878602 percent, which was an decrease of .001697383 from its proportionate share measured as of June 30, 2024.

For the fiscal year ended June 30, 2026, the School recognized pension expense of $31,830. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE F - FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PENSION PLANS (continued)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,425	$ 2,239
Change of assumptions	12,492	341,370
Net difference between projected and actual earnings on HIS pension plan investments	-	1,175
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	21,210	16,120
District contributions subsequent to the measurement date	98,145	-
Total	$ 140,272	$ 360,904

The deferred outflows of resources totaling $98,145, was related to pensions resulting from School contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Years Ending June 30	
2026	$ (70,734)
2027	(80,196)
2028	(75,810)
2029	(55,013)
2030	(37,024)
	$ (318,777)

Actuarial Assumptions. The total pension liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.50 percent, average, including inflation
Muncipal Bond Rate	5.20 percent

NOTE F - FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PENSION PLANS (continued)

Mortality rates were based on the Generational RP-2000 with Projected Scale BB. While an experience study had not been completed for the plan, the FRS Actuarial Assumptions Conference reviewed the actuarial assumptions for the plan.

Discount Rate. The discount rate used to measure the total pension liability was 5.20 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 5.20 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.20 percent) or 1 percentage point higher (6.20 percent) than the current rate:

	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
School's proportionate share of the net pension liability	$ 2,212,749	$ 1,962,247	$ 1,752,155

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan. At June 30, 2026, the District reported a payable of $2,513 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2026.

Pension Plan Aggregates. The aggregate amount of net pension liability, related deferred outflows of resources and deferred inflows of resources and pension expense for the School's defined pension plans are summarized below:

NOTE F - FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PENSION PLANS (continued)

	Pension Plan	HIS Plan	Total
Net pension liability	$ 3,218,517	$ 1,962,247	$ 5,180,764
Deferred outflows of resources	961,514	140,272	1,101,786
Deferred inflows of resources	498,481	360,904	859,385
Pension expense	207,558	25,655	233,213

3. **FRS – Defined Contribution Pension Plan**

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. School employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds, benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Allocations to the investment member's accounts during the 2025-26 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	14.03
FRS, Elected County Officers	54.57
FRS, Senior Management Service	33.24

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds.

NOTE F - FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PENSION PLANS (continued)

Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2026, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the School.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The School's Investment Plan pension expense totaled $307,756 for the fiscal year ended June 30, 2026.

Payables to the Pension Plan. At June 30, 2026, the District reported a payable of $172 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2026.

NOTE G - OTHER POSTEMPLOYMENT BENEFITS PAYABLE

Plan Description

The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the School. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the School, and eligible dependents, may continue to participate in the School's health and hospitalization plan for medical and prescriptions and life insurance coverage. Such provisions may be amended at any time by further action from the Florida Legislature. The School subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at the blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan, on average, than those of active employees. The School does not offer any explicit subsidies for retiree coverage. Retirees are assumed to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan does not issue a stand-alone report, and is not included in the report of a public employee retirement system or another entity.

NOTE G - OTHER POSTEMPLOYMENT BENEFITS PAYABLE (continued)

Benefit Terms and Employees Covered

Plan contribution requirements and benefit terms of the School and OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. The School has not advanced funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation. As of the valuation date, June 30, 2026, there were 107 active plan members and 1 inactive plan members or beneficiaries receiving benefits. There are no inactive plan members entitled to benefits not yet receiving benefits. The School provided contributions of $25,655 toward annual OPEB costs, comprised of benefit payments made on behalf of the retirees for claims expense, retention costs, and net of retiree contributions totaling $31,999. Required contributions are based on projected pay-as-you-go financing.

Total OPEB Liability

The School's total OPEB liability of $268,367 was measured as of June 30, 2026, and was determined by an actuarial valuation as of June 30, 2026.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2026, actuarial valuation was determined using the following actuarial assumption and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2025
Measurement Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal cost method
Inflation	2.40%
Discount Rate	5.20%
Salary Increases	FRS 7/1/2016 Actuarial Valuation 3.4% - 7.8%, including inflation
Retirement Age	Rates used in the 7/1/2025 FRS Actuarial Valuation based on a statewide experience study from 2018 to 2023

NOTE G - OTHER POSTEMPLOYMENT BENEFITS PAYABLE (continued)

Mortality	PUB 2010 Mortality tables, MP-2021 scale, used on the 7/1/2025 FRS actuarial valuation, based on the results of a statewide experience study from 2018 to 2023
Healthcare Cost Trend Rates	Getzen Model with trend starting at 6.0% and gradually decreasing to an ultimate trend rate of 3.75%
Aging Factors	2013 SOA Study "Health Care Costs- From Birth to Death"
Administrative Expenses	Included in the Per Capita Costs

The School selected the economic, demographic, and health care claim cost assumption used in the June 30, 2025 valuation. The current actuary provided guidance with respect to the economic assumptions demographic assumptions, the health care participation rate assumption, and the spouse coverage election rate assumption. The demographic assumptions were based on those employed in the July 1, 2025, Defined Benefit Pension Plan Actuarial Valuation of the FRS, which were developed by the FRS from an Actuarial Experience Study. These include assumed rates of future termination, mortality, disability and retirement. In addition, salary increase assumptions for development of the pattern of the normal cost increases were the same as those used by the FRS.

Changes to the Total OPEB Liability

Below are the details regarding the total OPEB liability for the measurement period from June 30, 2025, to June 30, 2026.

	Total OPEB Liability
Balance Recognized at 6/30/2025	$ 265,485
Changes for the Fiscal Year:	
Service Cost	$ 12,374
Interest	9,562
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	3,832
Changes in Assumptions and Other Inputs	2,769
Benefit Payments	(25,655)
Net Changes	2,882
Balance as of 6/30/2026	$ 268,367

NOTE G - OTHER POSTEMPLOYMENT BENEFITS PAYABLE (continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 3.86 percent as of the beginning of the measurement period, to 5.20 as of June 30, 2025. In addition, the healthcare trend rates were revised as of June 30, 2025, based on Getzen Model latest trend survey, with adjustments based on the provisions of the benefits sponsored by the School.

Discount Rate

The School has no plan assets held in trust to finance the OPEB plan liability. Therefore, the discount rate in the calculation of the total OPEB liability is equal to the tax-exempt municipal bond rate based on a 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of the OPEB plan valuation, the municipal bond rate was 5.20% (based on the daily rate closest to, but no later than the measurement date of the "Fidelity's 20-Year Municipal GO AA Index"). The discount rate was 5.20% as of the beginning of the measurement period.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the School, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.20 percent) or 1 percentage point higher (6.20 percent) than the current discount rate:

	Decrease 4.20%	Discount Rate 5.20%	Increase 6.20%
Total OPEB Liability	$ 286,219	$ 268,367	$ 251,114

Sensitivity to the Total OPEB Liability to Changes in the Health Cost Trend

	1% Decrease	Health Care Cost Trend Rate	1% Increase
Total OPEB Liability	$ 241,610	$ 268,367	$ 299,517

NOTE G - OTHER POSTEMPLOYMENT BENEFITS PAYABLE (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2026, the School recognized OPEB expense credit of $25,655. The expense credit was a result of excluding life insurance for retirees that are rated independently and separately from active members, and whose rates are not supported by the School's active policy. At June 30, 2026, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between Expected and Actual Experience	$ 11,862	$ 21,757
Changes of Assumptions of Other Inputs	31,567	70,407
Benefits Paid after the Measurement Date	31,999	-
Total	$ 75,428	$ 92,164

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflow of resources and deferred inflow of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Years Ending June 30	
2027	$ (8,807)
2028	(8,807)
2029	(8,454)
2030	(7,595)
2031	(6,070)
Thereafter	(9,002)
Total	$ (48,735)

NOTE H - RISK MANAGEMENT

The School is exposed to various risks of loss related torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School on behalf of the Osceola County District School Board is a member of the Florida School Boards Insurance Trust (FSBIT) which was established by the Florida School Boards Association, Inc., to provide combined self-insurance and risk management services to participating members. The Trust is a public entity risk pool and provides a combined self-insurance program for property protection, workers' compensation, money and securities, employee fidelity and faithful performance, boiler and machinery, and other coverage deemed necessary by the members of the Trust. Section 1001.42(10)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The Trust is self-sustaining through member assessments (premiums), and purchases of coverage through commercial companies for claims in excess of specified amounts. The Board of trustees for the Trust is composed of one board member from each participating district and a superintendent and a district-level business official selected from one of the participating districts. The amounts from settlements of insurable losses have not exceeded the insurance coverage for each of the prior three years.

NOTE I - COMPENSATED ABSENCES

The following is a summary of changes in compensated absences for the year ended June 30, 2026.

Governmental Activities	Balance at July 1, 2025	Additions	Reductions	Balance at June 30, 2026	Due Within One Year
Compensated Absences Payable	$ 329,223	$ -	$ (19,791)	$ 309,432	$ 10,309

Charter School employees accrue vacation and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. The Charter School reports a liability for the accrued leave; however, State appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the Charter School expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2026, the estimated liability for compensated absences totaled $309,432. Of this amount, $10,309 is estimated to be paid in the coming fiscal year. For governmental activities, compensated absences are generally liquidated with resources of the General Fund.

NOTE J - SUBSEQUENT EVENTS

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through October 2, 2026, the date which the financial statements were available for issuance.

REQUIRED SUPPLEMENTAL INFORMATION

Bellalago Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND

Year Ended June 30, 2026

	Budgeted Amounts				
	Original	Final	Variance with Original Budget	Actual	Variance with Final Budget
Revenues					
State passed through local school district	$ 9,401,412	$ 8,406,065	$ (995,347)	$ 8,406,065	$ -
Interest revenue	250,000	130,179	(119,821)	137,516	7,337
Other revenue	1,489	21,549	20,060	21,667	118
Total revenues	9,652,901	8,557,793	(1,095,108)	8,565,248	7,455
Expenditures					
Current:					
Instruction	5,995,333	5,657,186	338,147	4,646,130	1,011,056
Exceptional instruction	-	-	-	798,611	(798,611)
Other pupil personnel services	330,131	349,676	(19,545)	139,326	210,350
Guidance services	-	-	-	158,910	(158,910)
Health services	-	-	-	51,440	(51,440)
Instructional media	75,809	79,617	(3,808)	79,617	-
Curriculum development	333,966	146,967	186,999	147,592	(625)
Instructional staff training	-	7,394	(7,394)	7,394	-
Instructional related technology	-	55,199	(55,199)	55,199	-
Board of directors	51,400	51,400	-	51,400	-
General administrative	1,420,455	1,276,500	143,955	1,276,500	-
School administration	635,573	609,880	25,693	609,880	-
Facilities	912,585	993,031	(80,446)	1,025,184	(32,153)
Fiscal services	-	139	(139)	139	-
Food services	-	341	(341)	341	-
Central services	1,200	1,200	-	-	1,200
Transportation	-	618	(618)	618	-
Plant operation	835,837	813,512	22,325	808,257	5,255
Plant maintenance	264,300	105,166	159,134	105,166	-
Fixed capital outlay	-	32,153	(32,153)	32,153	-
Total expenditures	10,856,589	10,179,979	676,610	9,993,857	186,122
Excess (deficiency) of revenues over (under) expenditures	(1,203,688)	(1,622,186)	(418,498)	(1,428,609)	193,577
Fund transfers in (out)	825,294	943,814	118,520	943,814	-
Net change in fund balances	(378,394)	(678,372)	(299,978)	(484,795)	193,577
Fund balances at July 1, 2025	1,839,398	1,839,398	-	1,839,398	-
Fund balances at June 30, 2026	$ 1,461,004	$ 1,161,026	$ (299,978)	$ 1,354,603	$ 193,577

See notes to required supplemental information.

Bellalago Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUND

Year Ended June 30, 2026

	Budgeted Amounts				
	Original	Final	Variance with Original Budget	Actual	Variance with Final Budget
Revenues					
Federal passed through state	$ 818,316	$ 925,627	$ 107,311	$ 851,504	$ (74,123)
Total revenues	818,316	925,627	107,311	851,504	(74,123)
Expenditures					
Current:					
Instruction	808,017	573,381	234,636	92,021	481,360
Exceptional instruction	-	-	-	422,565	(422,565)
Other pupil personnel services	-	86,676	(86,676)	-	86,676
Guidance services	-	-	-	81,922	(81,922)
Parent involvement	-	-	-	4,085	(4,085)
Curriculum development	-	81,561	(81,561)	79,111	2,450
Instructional staff training	10,299	184,009	(173,710)	171,800	12,209
Total expenditures	818,316	925,627	(107,311)	851,504	74,123
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund balances at July 1, 2025	-	-	-	-	-
Fund balances at June 30, 2026	$ -	$ -	$ -	$ -	$ -

See notes to required supplemental information.

Bellalago Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -
LAST 10 FISCAL YEARS AS OF JUNE 30

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Florida Retirement System (FRS)										
Proportion of the net pension liability	0.005761686%	0.006987738%	0.007836090%	0.008267819%	0.011024854%	0.009771182%	0.008993789%	0.008594352%	0.009221939%	0.010752485%
Proportionate share of the net pension liability (asset)	$ 3,218,517	$ 3,708,269	$ 3,981,394	$ 3,902,967	$ 943,164	$ 4,434,977	$ 3,458,283	$ 2,993,805	$ 3,017,330	$ 2,762,960
Covered-employee payroll	$ 3,974,232	$ 4,479,403	$ 4,025,821	$ 4,196,060	$ 5,428,321	$ 5,178,877	$ 4,530,534	$ 4,161,455	$ 4,374,489	$ 5,133,503
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	80.98%	82.78%	98.90%	93.02%	17.37%	85.64%	76.33%	71.94%	68.98%	53.82%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%
Health Insurance Subsidy Program (HIS)										
Proportion of the net pension liability	0.008878602%	0.010575985%	0.011397554%	0.011510755%	0.015345694%	0.014910373%	0.013520478%	0.012735275%	0.013726899%	0.016110064%
Proportionate share of the net pension liability (asset)	$ 1,962,247	$ 2,235,772	$ 2,273,455	$ 1,676,124	$ 1,895,028	$ 1,880,830	$ 1,835,493	$ 1,703,806	$ 1,728,863	$ 1,920,814
Covered-employee payroll	$ 3,974,232	$ 4,479,403	$ 4,025,821	$ 4,196,060	$ 5,428,321	$ 5,178,877	$ 4,530,534	$ 4,161,455	$ 4,374,489	$ 5,133,503
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	49.37%	49.91%	56.47%	39.95%	34.91%	36.32%	40.51%	40.94%	39.52%	37.42%
Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

Note 1: GASB 68 requires information for 10 years.

See notes to required supplemental information.

Bellalago Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

SCHEDULE OF CONTRIBUTIONS -
LAST 10 FISCAL YEAR AS OF JUNE 30

	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Florida Retirement System (FRS)										
Contractually required contribution	$ 352,796	$ 344,012	$ 411,290	$ 344,679	$ 361,744	$ 419,999	$ 324,653	$ 278,872	$ 244,932	$ 243,440
Contributions in relation to the contractually required contribution	(352,796)	(344,012)	(411,290)	(344,679)	(361,744)	(419,999)	(324,653)	(278,872)	(244,932)	(243,440)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 4,909,209	$ 3,974,232	$ 4,479,403	$ 4,025,821	$ 4,196,060	$ 5,428,321	$ 5,178,877	$ 4,530,534	$ 4,161,455	$ 4,374,489
Contributions as a percentage of covered-employee payroll	7.19%	8.66%	9.18%	8.56%	8.62%	7.74%	6.27%	6.16%	5.89%	5.57%
Health Insurance Subsidy (HIS)										
Contractually required contribution	$ 79,137	$ 79,354	$ 89,477	$ 68,554	$ 69,636	$ 90,202	$ 85,922	$ 75,078	$ 69,064	$ 72,647
Contributions in relation to the contractually required contribution	(79,137)	(79,354)	(89,477)	(68,554)	(69,636)	(90,202)	(85,922)	(75,078)	(69,064)	(72,647)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 4,909,209	$ 3,974,232	$ 4,479,403	$ 4,025,821	$ 4,196,060	$ 5,428,321	$ 5,178,877	$ 4,530,534	$ 4,161,455	$ 4,374,489
Contributions as a percentage of covered-employee payroll	1.61%	2.00%	2.00%	1.70%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

Note 1: GASB 68 requires information for 10 years.

See notes to required supplemental information.

Bellalago Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS -
LAST 10 FISCAL YEAR AS OF JUNE 30

Other Postemployment Benefits (OPEB)	**June 30, 2025**	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**
Service Cost	$ 12,374	$ 14,278	$ 13,929	$ 20,478	$ 22,277	$ 19,910	$ 24,066	$ 21,400	$ 22,456
Interest on the total OPEB liability	9,561	11,105	9,865	6,568	9,113	10,880	15,072	13,327	10,970
Changes on benefits terms	-	-	-	-	-	-	(47,858)	-	-
Difference between expected and actual experience	3,832	-	(31,679)	-	18,195	-	(1,890)	-	-
Changes of assumptions	2,769	(1,147)	36,568	(31,938)	(60,194)	11,347	(78,043)	(1,496)	(15,566)
Benefit payments	(25,655)	(17,478)	(14,471)	(17,234)	(17,662)	(22,723)	(30,791)	(18,308)	(17,931)
Net change in total OPEB liability	$ 2,881	$ 6,758	$ 14,212	$ (22,126)	$ (28,271)	$ 19,414	$ (119,444)	$ 14,923	$ (71)
Total beginning OPEB liability	265,486	258,728	244,516	266,642	294,913	275,499	394,943	380,020	380,091
Total ending OPEB liability	$ 268,367	$ 265,486	$ 258,728	$ 244,516	$ 266,642	$ 294,913	$ 275,499	$ 394,943	$ 380,020
Covered-employee payroll	$ 5,123,129	$ 5,296,620	$ 5,009,358	$ 5,613,048	$ 5,333,811	$ 4,986,791	$ 4,841,544	$ 4,906,154	$ 4,296,575
Contributions as a percentage of covered-employee payroll	5.24%	5.01%	5.16%	4.36%	5.00%	5.91%	5.69%	8.05%	8.84%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the School will present information for only those years for which information is available.

See notes to required supplemental information.

Bellalago Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2026

NOTE A - BUDGETARY INFORMATION

Budgetary basis of accounting

Annual budgets are adopted for the entire operations and may be amended by the Board of Directors (the "Board"). The budgets presented for fiscal year ended June 30, 2026, have been amended according to Board procedures. Budgets are adopted on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund and each major special revenue fund for which a legally adopted budget exists.

NOTE B - OPEB SCHEDULE OF CHANGES IN THE TOTAL, OTHER POSTEMPLOYMENT BENEFITS PLAN LIABILITY AND RELATED RATIOS

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

The discount rate was changed from 3.86 percent as of the beginning of the measurement period to 5.20 percent as of June 30, 2025 to reflect changes in Fidelity's 20-Year Municipal GO AA Index.

NOTE C - PENSIONS SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS – FRS PENSION PLAN

The Florida Retirement System Actuarial Assumptions Conference performs an annual review of the actuarial assumptions for the FRS Pension Plan. The most recent study for the FRS Pension Plan was completed in 2024 for the period of July 1, 2018 through June 30, 2023. There were no changes in the Pension Plan benefit terms. The following were changes in actuarial assumptions in 2025:

- The inflation rate assumption remained at 2.4 percent.
- Payroll growth, including inflation, remained at 3.5 percent.
- The long-term expected rate of return remained at 6.7 percent.

A summary of key changes in plan provisions are described in the Florida Department of Management Services, GASB 68 Reporting Information, which can be found at: http://www.dms.myflorida.com/workforceoperations/retirement/publications/annual reports

NOTE C - PENSIONS SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS – FRS PENSION PLAN (continued)

A summary of key changes implemented since the latest valuation are described in the Florida Department of Management Services, Actuarial Valuations at: http://www.dms.myflorida.com/workforceoperations/retirement/publications/actuarial valuations

NOTE D - PENSIONS SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS – HIS PENSION PLAN

The Florida Retirement System Actuarial Assumptions Conference performs an annual review of the actuarial assumptions for the FRS Pension Plan. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent study for the FRS Pension Plan was completed in 2014 for the period of July 1, 2008 through June 30, 2013. There were no changes in the HIS Program benefit terms. The following were changes in actuarial assumptions in 2023:

- The inflation rate assumption remained at 2.4 percent.
- Payroll growth, including inflation, increased from 3.25 percent to 3.50 percent.
- The long-term expected rate of return increased from 3.93 percent to 5.20 percent.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 5.20% was used to determine the total pension liability for the program.

A summary of key changes in plan provisions are described in the Florida Department of Management Services, GASB 68 Reporting Information, which can be found at: http://www.dms.myflorida.com/workforceoperations/retirement/publications/annual_ reports

A summary of key changes implemented since the last valuation are described in the Florida Department of Management Services, Actuarial Valuations at: http://www.dms.myflorida.com/workforce operations/retirement/publications/actuarial valuations

Bellalago Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2026

NOTE E – SIGNIFICANT BUDGET VARIANCES

Significant variances between the original and final budgets for the year ended June 30, 2026, are as follows:

- General Fund: The final budget was reduced by approximately $1,000,000 of additional state passed through local school district revenue due to the School foreseeing an increase in students at the beginning of the year compared to what the final budget concluded.

- Capital Outlay Fund: State revenues decreased by approximately $107,000 due to decreased funding allocation from the state. Capital expenditures increased by approximately $107,000, primarily attributed to instructional staff training and curriculum development.

Significant variances between the actual and final budgets for the year ended June 30, 2026, are as follows:

- General Fund: FEFP and teacher raises decreased due to a decrease in students and receiving less state funding. In total, salaries decreased by approximately $423,000. This decrease was offset by a $158,000 increase in guidance services.

- Capital Outlay Fund: State revenues and expenses decreased by approximately $74,000 due to Capital Outlay and Local Capital Improvement funds being less than predicted.

SUPPLEMENTAL INFORMATION

MKA
CERTIFIED PUBLIC ACCOUNTANTS

Partners
W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga
Rich J. Cassidy
Justin R. Cabral

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

To the Charter Board of Trustees
The Foundation for Osceola Education, Inc.
Kissimmee, 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 Bellalago Charter Academy (the "School"), a division of the Foundation for Osceola Education, Inc. (the "Charterholder"), which is a component unit of the School District of Osceola County, Florida as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 2, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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.

Winter Park, FL 32789
501 S. New York Ave.
Clearwater St. Petersburg N. Palm Beach Miami Lakes Miramar
Moss, Krusick & Associates, LLC

Report on Compliance and Other Matters

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

Purpose of this Report

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
October 2, 2026

MKA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT

Partners
W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga
Rich J. Cassidy
Justin R. Cabral

To the Board of Trustees
Bellalago Charter School
Kissimmee, Florida

We have examined Bellalago Charter School's (the "School") compliance with section 218.415, Florida Statues, regarding the investment of public funds during the year ended June 30, 2026. The School's management is responsible for the School's compliance with those requirements in accordance with Section 218.415, Florida Statues. Our responsibility is to express an opinion on the School's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the School's compliance with those requirements is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the School's compliance with the requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the School's compliance with the requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the School's compliance with specified requirements.

We are required to be independent of the School and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the School complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2026.

This report is intended solely for the information and use of the School and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Krusick & Associates, LLC

Winter Park, Florida
October 2, 2026

Winter Park, FL 32789
501 S. New York Ave.
Clearwater St. Petersburg N. Palm Beach Miami Lakes Miramar
Moss, Krusick & Associates, LLC

MKA
CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT LETTER

Partners
W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga
Rich J. Cassidy
Justin R. Cabral

To the Charter Board of Trustees
The Foundation for Osceola Education, Inc.
Kissimmee, Florida

Report on the Financial Statements

We have audited the financial statements of Bellalago Charter Academy (the "School"), a division of the Foundation for Osceola Education, Inc. (the "Charterholder"), which is a component unit of the School District of Osceola County, Florida as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated October 2, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated October 2, 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 significant 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 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 is *Bellalago Charter Academy* 0932, which is a division of The Foundation for Osceola Education, Inc., which is a component unit of the School District of Osceola County.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met.

Winter Park, FL 32789
501 S. New York Ave.
Clearwater St. Petersburg N. Palm Beach Miami Lakes Miramar
Moss, Krusick & Associates, LLC

Financial Condition and Management (continued)

In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of the 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 noncompliance with provisions of contracts or grant agreements, or fraud, waste, abuse, that has occurred or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
October 2, 2026

MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES

For the year ended June 30, 2026, there are no management recommendations.