DISCOVERY ACADEMY OF LAKE ALFRED, INC.
LAKE ALFRED, FLORIDA
(A Component Unit of the School District of Polk County, Florida)

BASIC FINANCIAL STATEMENTS, INDEPENDENT AUDITOR'S REPORT AND SUPPLEMENTAL INFORMATION

JUNE 30, 2026

DISCOVERY ACADEMY OF LAKE ALFRED, INC.
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2026

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DISCOVERY ACADEMY OF LAKE ALFRED, INC.
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2026

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DISCOVERY ACADEMY OF LAKE ALFRED, INC.
1000 North Buena Vista Dr
Lake Alfred, FL 33850
(863) 295-5955

2025-2026

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Kevin Warren – Board President
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Discovery Academy of Lake Alfred, Inc.
Lake Alfred, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Discovery Academy of Lake Alfred, Inc. (the "School"), a charter school and component unit of the School District of Polk County, 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 Discovery Academy of Lake Alfred, Inc., as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standard applicable to financial audits contained in the Government Auditing Standards (GAS) 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.

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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

García Santa María De Armas Trujillo, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 21, 2026

Management's Discussion and Analysis
Discovery Academy of Lake Alfred, Inc.
June 30, 2026

The corporate officers of Discovery Academy of Lake Alfred, Inc. (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2026.

FINANCIAL SUMMARY

1. The total net position of the School at June 30, 2026 was a deficit of $4,295,951.
2. The School's net position improved by $405,659 for the year ended June 30, 2026.
3. The School had total assets and deferred outflows of resources of $29,980,288 at June 30, 2026.
4. The School's unrestricted net position at June 30, 2026 was $3,173,988. The unassigned fund balance was $2,249,783 at June 30, 2026.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2026 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the 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. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Fund Financial Statements

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for all of its governmental funds. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 12-15 of this report.

Notes to Financial Statements

The notes to the financial statements 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 on pages 16-31 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of a School's financial position. A summary of the School's net position as of June 30, 2026 and 2025 follows:

Assets and Deferred Outflows of Resources	2026	2025
Cash and reserved cash and investments	$ 3,468,341	$ 2,981,493
Prepaid expenses and other assets	2,212,378	2,282,147
Capital assets, net	22,850,844	23,824,541
Deferred outflows of resources	1,448,725	1,606,730
Total Assets and deferred outflows of resources	$ 29,980,288	$ 30,694,911
Liabilities, Deferred Inflows of Resources and Net Position		
Accounts and wages payable and accrued liabilities	$ 569,842	$ 712,279
Long-term debt	25,720,418	26,236,513
Net pension liability	6,204,058	7,090,556
Deferred inflows of resources	1,781,921	1,357,173
Total Liabilities and deferred inflows of resources	$ 34,276,239	$ 35,396,521
Net investment in capital assets	(3,462,805)	(3,005,203)
Deficit in accounting for net pension liability/Deferred outflows and	(6,537,254)	(6,840,999)
Unrestricted	3,173,988	2,483,543
Restricted	2,530,120	2,661,049
Total Net Position	$ (4,295,951)	$ (4,701,610)
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 29,980,288	$ 30,694,911

At June 30, 2026, the School's total assets and deferred outflows of resources were $29,980,288 and total liabilities and deferred inflows of resources were $34,276,239. At June 30, 2026, the School reported a deficit in total net position of $4,295,951. The School's net position improved by $405,659 during the year ended June 30, 2026, primarily due to current-year operating results and the gain recognized on the sale of land.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2026 and 2025 follows:

REVENUES	2026	2025
Program Revenues		
Operating grants & contributions	$ 1,026,395	$ 1,475,580
Charges for services	1,710,847	1,616,129
General Revenues		
State and local sources	8,352,996	8,798,617
Contributions and other revenue	338,234	459,045
Gain on sale of land	371,805	-
Total Revenues	$ 11,800,277	$ 12,349,371
EXPENSES		
Instruction	$ 4,653,951	$ 4,662,065
Instructional support services	458,687	782,967
Board	39,756	141,690
School administration	1,780,573	2,169,607
Fiscal services	179,181	157,277
Food services	702,392	878,405
Central Services	-	49,477
Pupil transportation services	1,377,524	1,538,787
Operation of plant	825,440	662,250
Maintenance of plant	3,040	-
Administrative technology services	175,176	21,484
Interest expense	1,198,898	1,288,102
Total Expenses	$ 11,394,618	$ 12,352,111
Change in Net Position	405,659	(2,740)
Net Position (Deficit) at Beginning of Year	(4,701,610)	(5,274,245)
Prior period adjustment	-	575,375
Net Position (Deficit) at End of Year	$ (4,295,951)	$ (4,701,610)

The School's total revenues for the year ended June 30, 2026 were $11,800,277, while its total expenses were $11,394,618, resulting in an increase in net position of $405,659.

The School's total revenues decreased by approximately $570,000 from the prior year, primarily due to decreases in certain state, federal and National School Lunch Program funding and the conclusion of the ESSER grant. These decreases were partially offset by increased transportation revenue and the gain recognized on the sale of land. Total expenses also decreased from the prior year and include pension-related adjustments of approximately $304,000, which reduced current-year expenses.

FINANCIAL ANALYSIS OF THE 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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental General Fund reported ending fund balance of $2,249,783. The fund balance unassigned and available for spending at the School's discretion is $2,249,783. These funds will be available for the School's future ongoing operations.

A summary and analysis of the General Fund's revenues, expenditures and changes in fund balance for the years ended 2026 and 2025 follows:

	General Fund	
	2026	2025
Total Revenues	$ 9,089,722	$ 9,492,853
Total Expenditures	8,699,959	9,128,450
Excess (deficit) of revenues over expenditures	389,763	364,403
Proceeds from long-term financing	-	634,872
Proceeds from sale of land	686,091	-
Transfers from (to) funds	(373,516)	(754,683)
Total Other Financing Sources (Uses)	312,575	(119,811)
Net change in fund balance	702,338	244,592
Fund balance at beginning of year	1,547,445	727,478
Prior period adjustment	-	575,375
Fund balance at end of year	$ 2,249,783	$ 1,547,445

The School's General Fund revenues decreased by approximately $403,000 from the prior year. The decrease was primarily attributable to lower state and local funding, including FEFP-related funding, as well as lower contributions and other revenues. These decreases were partially offset by an increase in charges for services related to transportation services provided to Discovery High School during the year. General Fund expenditures decreased by approximately $428,000 from the prior year, primarily due to decreases in transportation expenditures. After considering other financing sources, including approximately $686,000 of proceeds from the sale of land, the General Fund reported an increase in fund balance of $702,338 for the year ended June 30, 2026, compared to an increase of $244,592 in the prior year.

CAPITAL IMPROVEMENT REQUIREMENT

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

CAPITAL ASSETS AND LONG-TERM DEBT

The School's investment in capital assets, as of June 30, 2026, amounts to $22,850,844 (net of accumulated depreciation). This investment in capital assets includes land, building, leasehold improvements, furniture, fixtures and equipment and vehicles. In September 2020, the School entered into a bond agreement for a total of $27,080,000 to construct an educational facility. The balance at June 30, 2026 was $25,210,000. In addition, the School financed the purchase of school buses in the amount of $634,872. The balance at June 30, 2026 was $510,418.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

Enrollment for the year ended June 30, 2026, was approximately 1,029 students, and enrollment for the upcoming school year is expected to remain stable at approximately 1,026 students.

Subsequent to year-end, the School entered into negotiations for the sale of approximately 0.182 acres of land to Peninsula Pipeline Company for $50,000. The proposed sale had not been finalized as of September 15, 2026.

Management considered currently known facts, decisions, and conditions that are expected to have a significant effect on the School's financial position or to produce significant differences from current year results of operations. Other than the matters disclosed above, management is not aware of any such matters that require disclosure.

SCHOOL LOCATION

The School operates in the City of Lake Alfred and is located 1000 N Buena Vista Dr, Lake Alfred, FL 33850.

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Discovery Academy of Lake Alfred, Inc., located at 1000 N Buena Vista Dr, Lake Alfred, FL 33850.

DISCOVERY ACADEMY OF LAKE ALFRED, INC.
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS	
Cash and cash equivalents	$ 1,700,358
Reserved cash - bond reserves	1,767,033
Investments	950
Prepaid expenses and other assets	-
Due from related party	1,619,147
Capital assets, net	22,850,844
Loan receivable from related party	593,231
TOTAL ASSETS	28,531,563
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources FRS/HIS	1,448,725
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 29,980,288
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
LIABILITIES	
Accounts payable	$ 122,175
Accrued expenses	74,206
Accrued interest payable	106,204
Other liabilities	5,000
Compensated absences	262,257
Bond payable, current portion	420,000
Bond payable - long-term portion	24,790,000
Note payable current portion	119,589
Note payable long-term portion	390,829
Net pension liability	6,204,058
TOTAL LIABILITIES	32,494,318
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources FRS/HIS	1,781,921
Total deferred inflows of resources	1,781,921
NET POSITION	
Invested in capital assets, net of related debt	(3,462,805)
Deficit in accounting for net pension liability/deferred Outflows and inflows of resources	(6,537,254)
Restricted for food service	869,291
Restricted for debt service	1,660,829
Unrestricted	3,173,988
TOTAL NET POSITION	(4,295,951)
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 29,980,288

The accompanying notes are an integral part of this financial statement.

DISCOVERY ACADEMY OF LAKE ALFRED, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Functions	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:					
Instruction	$ 4,653,951	$ -	$ 464,228	$ -	$ (4,189,723)
Instructional support services	458,687	-	-	-	(458,687)
Board	39,756	-	-	-	(39,756)
School administration	1,780,573	-	-	-	(1,780,573)
Fiscal services	179,181	-	-	-	(179,181)
Food services	702,392	112,845	562,167	-	(27,380)
Central services	-	-	-	-	-
Pupil transportation services	1,377,524	398,002	-	-	(979,522)
Operation of plant	825,440	-	-	-	(825,440)
Maintenance of plant	3,040	-	-	-	(3,040)
Administrative technology services	175,176	-	-	-	(175,176)
Interest expense	1,198,898	1,200,000	-	-	1,102
Total Governmental Activities	$ 11,394,618	$ 1,710,847	$ 1,026,395	$ -	$ (8,657,376)
GENERAL REVENUES:					
State and local sources					8,352,996
Contributions and other revenues					338,234
Gain on sale of land					371,805
Total general revenues					9,063,035
Change in Net Position					405,659
NET POSITION (DEFICIT) - BEGINNING					(4,701,610)
NET POSITION - ENDING					$ (4,295,951)

The accompanying notes are an integral part of this financial statement.

DISCOVERY ACADEMY OF LAKE ALFRED, INC.
BALANCE SHEET- GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 831,067	$ 869,291	$ -	$ 1,700,358
Reserved cash - bond reserves	-	-	1,767,033	1,767,033
Investments	950	-	-	950
Prepaid expenses and other assets	-	-	-	-
Due from related party	1,619,147	-	-	1,619,147
TOTAL ASSETS	$ 2,451,164	$ 869,291	$ 1,767,033	$ 5,087,488
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts and accrued expenses	$ 196,381	$ -	$ -	$ 196,381
Accrued interest payable	-	-	106,204	106,204
Other liabilities	5,000	-	-	5,000
TOTAL LIABILITIES	201,381	-	106,204	307,585
FUND BALANCE				
Restricted	-	869,291	1,660,829	2,530,120
Unassigned	2,249,783	-	-	2,249,783
TOTAL FUND BALANCE	2,249,783	869,291	1,660,829	4,779,903
TOTAL LIABILITIES AND FUND BALANCE	$ 2,451,164	$ 869,291	$ 1,767,033	$ 5,087,488

The accompanying notes are an integral part of this financial statement.

DISCOVERY ACADEMY OF LAKE ALFRED, INC.
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

Total Fund Balance - Governmental Funds		$	4,779,903
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and, therefore, are not reported in the fund.	Capital assets		31,565,891
	Accumulated depreciation		(8,715,047)
Loan receivable from related party is not due and receivable in the current period and, therefore, is not reported as an asset in the governmental funds.	Loan receivable from related party		593,231
Accounting for the School's participation in the FRS/HIS - the following amounts are reported in the statement of net position but are not reported in the fund balance sheet.	Deferred Outflows		1,448,725
	Deferred Inflows		(1,781,921)
	Net Pension Liability		(6,204,058)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.	Compensated absences		(262,257)
	Bond payable		(25,210,000)
	Notes payable		(510,418)
Total Net Position (Deficit) - Governmental Activities		$	(4,295,951)

The accompanying notes are an integral part of this financial statement.

DISCOVERY ACADEMY OF LAKE ALFRED, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund	Debt Service Fund	Special Revenue Fund	Total Governmental Funds
REVENUES				
State passed through local	$ 8,352,996	$ -	$ -	$ 8,352,996
Federal passed through local school district	-	-	464,228	464,228
National School Lunch Program	-	-	562,167	562,167
Charges for services	398,002	1,200,000	112,845	1,710,847
Contributions and other revenue	338,724	-	-	338,724
TOTAL REVENUES	9,089,722	1,200,000	1,139,240	11,428,962
EXPENDITURES				
Current:				
Instruction	4,364,223	-	581,580	4,945,803
Instructional support services	458,687	-	-	458,687
Board	39,756	-	-	39,756
School administration	1,057,064	-	-	1,057,064
Fiscal services	179,181	-	-	179,181
Food services	-	-	598,255	598,255
Pupil transportation services	1,377,524	-	-	1,377,524
Operation of plant	825,440	-	-	825,440
Maintenance of plant	3,040	-	-	3,040
Administrative technology services	175,176	-	-	175,176
Capital Outlay:				
Instructional	64,098	-	-	64,098
Debt Service:				
Redemption of principal	111,585	405,000	-	516,585
Interest and debt costs	44,185	1,154,713	104,137	1,303,035
TOTAL EXPENDITURES	8,699,959	1,559,713	1,283,972	11,543,644
Excess (Deficit) of revenues over expenditures	389,763	(359,713)	(144,732)	(114,682)
OTHER FINANCING SOURCES				
Proceeds from sale of land	686,091	-	-	686,091
Transfers from (to) funds	(373,516)	373,516	-	-
Total other financing sources	312,575	373,516	-	686,091
Excess of revenues over expenditures	702,338	13,803	(144,732)	571,409
Fund balance at beginning of year	1,547,445	1,647,026	1,014,023	4,208,494
Fund balance at end of year	$ 2,249,783	$ 1,660,829	$ 869,291	$ 4,779,903

The accompanying notes are an integral part of this financial statement.

DISCOVERY ACADEMY OF LAKE ALFRED, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Change in Fund Balance - Governmental Funds		$ 571,409
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	Capital outlays	64,098
	Depreciation expense	(723,509)
The proceeds from loans provide current financial resources to governmental funds, but increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds.	Repayments of principal	516,585
In the statement of activities, only the gain on the sale of capital assets is reported, whereas, in the governmental funds, the proceeds from the sale increase financial resources. Accordingly, the change in net position differs from the change in fund balance by the carrying value of the capital asset sold.	Proceeds from sale of land	(686,091)
	Gain on sale of land	371,805
Accounting for DALA's participation in the Florida Retirement System.	Pension/HIS expense	303,255
Compensated absences included in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	Net change	(11,893)
Change in Net Position of Governmental Activities		$ 405,659

The accompanying notes are an integral part of this financial statement.

NOTE 1 – ORGANIZATION AND OPERATIONS

Organization

Discovery Academy of Lake Alfred, Inc. (the School) is a not-for-profit corporation organized pursuant to chapter 617, Florida Statutes and the Florida Not-for-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors (the Board), which is composed of five members. Effective July 1, 2001, the School converted from a public school to a charter school. The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Polk County, Florida, (the School Board). The School is considered a component unit of the School Board of Polk County, Florida and meets the definition of a governmental entity under the Governmental Accounting Standards Board (GASB).

Charter Contract

The current charter expires June 30, 2033 and may be renewed for a maximum of an additional fifteen years by mutual written agreement between the School and the School Board. Upon the expiration of the charter, the School Board may elect not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. However, the School Board may terminate the current charter at any time 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 School Board.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes under standards set by the Governmental Accounting Standards Board ("GASB").

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities. These statements do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which report annual operating activities, and (3) capital grants and contributions which reports funds for acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds, namely, the general, special revenue and debt service funds are reported as separate columns in the fund financial statements:

General Fund – is the School's primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects.

Debt Service Fund – used to account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Fund – used to account for financial resources used for the acquisition or construction of major capital facilities and for the proceeds and related expenditures of charter school capital outlay funding.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidelines.*

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 *"Accounting and Financial Reporting for Non-Exchange Transactions"*. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Basis Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay). Any revisions to the annual budget are approved by the board.

Cash and Cash Equivalents and Investments

The School's cash and cash equivalents consist primarily of demand deposits with financial institutions. As State of Florida Statutes and the School's policy require, all deposits be made into and held by financial institutions designated by the treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by the institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2026.

Due from Governmental Agencies

Due from other agency consists of amounts due from other governmental units for revenues from federal, federal through state, state and other sources.

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are $1,000 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture and equipment	3-5 Years
Vehicles	10 Years
Building	39 Years

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Employees of the School are entitled to paid time off (PTO) in accordance with the School's personnel policies and applicable state regulations. PTO also includes sick leave and personal days. Any PTO which has been accrued over the school year, but has not been used, will be rolled over into the next school year. Unused PTO will not be paid out at the end of the year or upon separation from the School. In accordance with GASB Statement No. 101, *Compensated Absences*, the School recognizes a liability for leave when:

1. The leave is attributable to services already rendered by employees;
2. The leave accumulates and can be carried forward to future reporting periods;
3. It is more likely than not that the leave will be used for time off, paid in cash, or settled through other non-cash means.

The liability for compensated absences is measured using employees' pay rates in effect at the financial statement date. In the government-wide financial statements, compensated absences are reported as liabilities and expensed as incurred. In the governmental fund financial statements, the liability is recognized only for amounts that have matured as of the fiscal year end.

Government-wide Net Position

Government-wide net position is divided into three components:

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2026, was a negative $3,462,805.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2026 was $2,530,120.
- Unrestricted – all other net position is reported in this category, including amounts due from affiliates and charter schools.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2026, there is no nonspendable fund balance.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2026, there is $2,530,120.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. At June 30, 2026, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2026, there is no assigned fund balance.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances (Continued)

- Unassigned – fund balance is the residual classification for the School's general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance at the end of the fiscal year by adjusting journal entries. First non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund. As of June 30, 2026, there are no minimum fund balance requirements for any of the School's funds.

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Polk County (the "School Board") pursuant to the funding provisions included in DALA's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of School facilities.

The School may also receive federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expensed. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Income Taxes

The School qualifies as a tax exempt organization under the Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Comparative Data and Reclassifications

Comparative total data for the prior year have been presented only for the balance sheet and statement of revenues, expenditures and changes in fund balances for governmental funds in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The school has one item that qualifies for reporting in this category which is the deferred amount of pension reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School has one item that qualifies for reporting in this category which is the deferred amount of pension reported in the government-wide statement of net position. A deferred amount of pension results from the difference in the expected and actual amounts of experience, earnings and contributions. This amount is deferred and amortized over the service life of all employees that are provided with pensions through the pension plan. However, earnings are amortized over 5 years.

Adopted Accounting Pronouncements

Implementation of GASB Statement No. 103, Financial Reporting Model Improvements

During the current fiscal year, the School implemented Governmental Accounting Standards Board (GASB) Statement No. 103. The objective of this Statement is to improve key components of the financial reporting model to enhance the effectiveness of financial reporting in providing information that is essential for decision-making and assessing accountability.

The implementation of GASB Statement No. 103 resulted in changes to the presentation and related disclosures of the School's financial statements, as applicable, including requirements related to management's discussion and analysis, budgetary comparison information, and the presentation and classification of certain financial statement items.

Implementation of GASB Statement No. 104, Disclosure of Certain Capital Assets

The School evaluated and implemented the requirements of GASB Statement No. 104 for the year ended June 30, 2026. The implementation of both statements did not have a material effect on the School's beginning net position or fund balance.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 21, 2026, which is the date the financial statements were available to be issued.

NOTE 3 – CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2026:

Capital Assets	Balance June 30, 2025	Additions	Disposals	Balance June 30, 2026
Land	$ 2,681,713	$ -	$ (314,286)	$ 2,367,427
Construction in progress	289,204	-	-	289,204
Building and improvements	23,578,125	-	-	23,578,125
Furniture, fixtures and equipment	1,541,359	64,098	-	1,605,457
Vehicles	3,725,678	-	-	3,725,678
Total Capital Assets	31,816,079	64,098	(314,286)	31,565,891
Less Accumulated Depreciation				
Buildings and improvements	(4,043,835)	(514,060)	-	(4,557,895)
Furniture, fixtures and equipment	(1,213,447)	(40,952)	-	(1,254,399)
Vehicles	(2,734,256)	(168,497)	-	(2,902,753)
Total Accumulated Depreciation	(7,991,538)	(723,509)	-	(8,715,047)
Capital Assets, net	$ 23,824,541	$ (659,411)	$ (314,286)	$ 22,850,844

Depreciation expense of assets for the year ended June 30, 2026, was $723,509 which was allocated to school administration in the statement of activities.

NOTE 4 – EMPLOYEE RETIREMENT PLAN

Reporting Entity

The Florida Department of Management Services, Division of Retirement (division), is part of the primary government of the state of Florida and is responsible for administering the Florida Retirement System Pension Plan and Other State-Administered Systems (system). For the fiscal year ended June 30, 2025, the division administered two cost-sharing, multiple employer defined benefit plans, one single employer defined benefit plan, two defined contribution plans, a supplemental funding of defined benefit plans for municipal police officers and firefighters, and various general revenue funded pension programs. The division issued a publicly available, audited annual comprehensive financial report (ACFR) on behalf of the system that includes financial statements, notes and required supplementary information for each of the pension plans. Detailed information about the plans is provided in the ACFR, which is available online, or by contacting the division. (See Note 5).

NOTE 4 – EMPLOYEE RETIREMENT PLAN (Continued)

Cost-Sharing Defined Benefit Plans

As required by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), this report includes the allocation of the collective net pension liability and associated pension expense, deferred outflows of resources and deferred inflows of resources for each of the participating employers in the system's cost-sharing, multiple employer defined benefit plans:

- The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

- The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist eligible retirees and surviving beneficiaries of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2026, retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by $7.50. The payments are at least $45 but no more than $225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Approximately 1,000 participating employers are served by the two defined benefit plans. Of these, more than 900 employers, referred to as reporting employers, report payroll and remit contributions to the division for their covered employees and, in some cases, for the covered employees of associated participating employers.

Basis of Accounting

Employers participating in the FRS Pension Plan and HIS Program are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with GASB 68. The Schedules of Employer Allocations and Schedules of Pension Amounts by Employer (pension allocation schedules) and notes to the schedules, along with the system's ACFR, provide employers with the required information for reporting.

The underlying financial information used to prepare the pension allocation schedules is based on the system's records. The financial statements for the cost-sharing defined benefit plans are prepared using the flow of economic resources measurement focus and the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United States. The system's financial statements are available online or by contacting the division (see Note 5). There have been no significant changes since the publication of the financial statements.

NOTE 4 – EMPLOYEE RETIREMENT PLAN (Continued)

Employer Contributions

Contributions are recognized as revenues in the period for which the contributions are due pursuant to statutory and contractual requirements. Employee contributions required pursuant to section 121.71(3), Florida Statutes, are accounted for by the FRS as employer-paid employee contributions and are treated as employer contributions under 26 U.S.C. s. 414(h)(2) allowing these contributions to be deducted on a pre-tax basis. Pension expense reported in the pension allocation schedules is reduced by these amounts.

Total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes. Employer contributions reflected in the financial statements and in the pension allocation schedules for the cost-sharing defined benefit plans represent contributions specific to each defined benefit plan and do not equal total blended contributions remitted by the employer.

Use of Estimates

The preparation of these schedules, and the associated financial statements, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and changes therein, including appropriate disclosures at the date of the financial statements. Actual results could differ from those estimates.

Net Pension Liability

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2025, are shown below:

	FRS	HIS
Total Pension Liability	$ 28,573,381	$ 2,738,147
Plan Fiduciary Net Position	(24,933,380)	(174,090)
Net Pension Liability	$ 3,640,001	$ 2,564,057
Plan Fiduciary Net Position as a Percentage as a Percentage of the Total Pension Liability	87.26%	6.36%

The total pension liability for the FRS and HIS was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2025. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

NOTE 4 – EMPLOYEE RETIREMENT PLAN (Continued)

Basis for Allocation

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the system's current and several prior measurement dates. Prior measurement dates shown in exhibits align with the oldest deferred (inflow)/outflow base through June 30, 2025, for employers that were members of the FRS and HIS during those fiscal years. For fiscal years ended June 30, 2018, through June 30, 2025, in addition to contributions from employers, the required accrued contributions for the division (paid on behalf of the division's employees who administer the plans) were allocated to each employer on a proportional basis. The division administers the plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's ACFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense.

For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

Actuarial Methods and Assumptions

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan's GASB 67 valuation is performed annually. 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 experience study for the FRS Pension Plan was completed in 2024 for the period July 1, 2018, through June 30, 2023. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. 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.

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 (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table, (refer to the valuation reports for more information – see Note 5).

NOTE 4 – EMPLOYEE RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions (Continued)

The following changes in actuarial assumptions occurred in 2025 for the HIS Program:

- All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meetings in October 2024.
- The assumption changes were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2025 FRS Actuarial Assumption Conference during its October 2025 meeting.
- The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2025.

FRS Net Pension Liability

1% Decrease	Current Discount Rate	1% Increase
5.70%	6.70%	7.70%
$ 7,143,445	$ 3,640,001	$ 702,763

HIS Net Pension Liability

1% Decrease	Current Discount Rate	1% Increase
4.20%	5.20%	6.20%
$ 2,891,387	$ 2,564,057	$ 2,289,531

Pension Expense and Deferred Outflows/Inflows of Resources

In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes in proportion and differences between contributions and proportionate share of contributions - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Differences between expected and actual earnings on pension plan investments – amortized over five years

Employer contributions to the pension plans from employers are not included in collective pension expense; however, employee contributions are used to reduce pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2025, was 4.7 years for FRS and 5.8 years for HIS. The components of collective pension expense reported in the pension allocation schedules for the fiscal year ended June 30, 2025, are presented below for each plan.

NOTE 4 – EMPLOYEE RETIREMENT PLAN (Continued)

Florida Retirement System (FRS)

Description	Recognized in Expense Fiscal Year Ending 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Service Cost	$ 394,671	$ -	$ -
Interest Cost	1,839,096	-	-
Effect of plan changes	-	-	-
Effect of economic/demographic gains or loss (difference between expected and actual experience)	166,378	388,790	-
Effect of assumptions changes or inputs	199,165	422,699	-
Member contributions	(96,044)	-	-
Projected investment earnings	(1,534,791)	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	379,211	(407,164)
Net difference between projected and actual investment earnings	(593,947)	-	(607,735)
Administrative expenses	3,484	-	-
Total	$ 378,012	$ 1,190,700	$ (1,014,899)

Health Insurance Subsidy (HIS)

Description	Recognized in Expense Fiscal Year Ending 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Service Cost	$ 52,942	$ -	$ -
Interest Cost	122,783	-	-
Effect of plan changes	-	-	-
Effect of economic/demographic gains or loss (difference between expected and actual experience)	11,975	15,306	(2,134)
Effect of assumptions changes or inputs	(131,046)	22,695	(620,180)
Member contributions	(16)	-	-
Projected investment earnings	(6,247)	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	220,024	(140,641)
Net difference between projected and actual investment earnings	(102)	-	(4,067)
Administrative expenses	53	-	-
Total	$ 50,342	$ 258,025	$ (767,022)

NOTE 4 – EMPLOYEE RETIREMENT PLAN (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources (Continued)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

Year Ending June 30,	FRS Expense	HIS Expense
2026	$ 589,881	$ (129,797)
2027	$ (104,806)	$ (155,399)
2028	$ (156,846)	$ (130,835)
2029	$ (124,474)	$ (25,467)
2030	$ (27,953)	$ (67,498)
Thereafter	$ -	$ -
Totals	$ 175,801	$ (508,997)

NOTE 5 – ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION

Additional audited financial information supporting the Schedules of Employer Allocations and the Schedules of Pension Amounts by Employer is located in the Florida Retirement System Pension Plan and Other State-Administered Systems ACFR for the fiscal year ended June 30, 2025. The system's ACFR and the actuarial valuation reports referenced herein are available online at:
http://www.dms.myflorida.com/workforce_operations/retirement/publications

The System's ACFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

Department of Management Services
Division of Retirement
Research and Education Section
PO Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

NOTE 6 – BOND PAYABLE

In September 2020, the School entered into a loan agreement with Florida Development Finance Corporation ("the Issuer"). The issuer agreed to issue bonds, ("Series 2020A and Series 2020B") in the aggregate amount of $27,080,000 for the Discovery High School Project ("The Project"). The Series 2020 Project consists of the construction of an educational facility to be used by the School. Series 2020A Bonds – aggregate principal amount of $26,530,000 yields interest between 4%-5% and have various term bond due date between June 2030 – June 2055. Series 2020B Bond – principal balance of $550,000, yields interest at 4% and is paid in full by June 2024. Terms of the loan require bi-annual interest payment on June 1 and December 1 and annual principal payments on June 1. During the year ended June 30, 2026, the School was required to make principal and interest payments of approximately $1,663,850.

The following schedule provides a summary of changes for the year ended June 30, 2026:

	June 30, 2025	Borrowings	Repayments	June 30, 2026
Bonds payable	$ 25,615,000	$ -	$ 405,000	$ 25,210,000

Annual requirements to amortize all loan debt outstanding as of June 30, 2026 are as follows:

Fiscal Year Ending June 30,	Total	Principal	Interest
2027	$ 1,662,650	$ 420,000	$ 1,242,650
2028	1,660,850	435,000	1,225,850
2029	1,663,450	455,000	1,208,450
2030-2034	8,427,700	2,590,000	5,837,700
2035-2039	8,466,250	3,295,000	5,171,250
2040-2044	8,509,030	4,205,000	4,304,030
2045-2049	8,562,750	5,365,000	3,197,750
2050-2054	8,645,250	6,860,000	1,785,250
2055-2059	1,818,970	1,585,000	233,970
	$ 49,416,900	$ 25,210,000	$ 24,206,900

NOTE 7 – NOTE PAYABLE

In April 2025, the School financed the purchase of four school buses totaling $634,872. The note payable requires 60 monthly payments of principal and interest of $12,777 beginning on May 2025 and ending on April 2030.

The following schedule provides a summary of changes for the year ended June 30, 2026:

	Balance June 30, 2025	Borrowings	Repayments	Balance at June 30, 2026
Bus Loan Payable	$ 621,513	$ -	$ 111,095	$ 510,418

NOTE 7 – NOTE PAYABLE (Continued)
Future maturities are as follows:

Year Ended June 30	
2027	119,589
2028	128,697
2029	138,598
2030	123,534
Total	$ 510,418

NOTE 8 – COMPENSATED ABSENCES
Changes in compensated absences during the year are as follows:

	Balance June 30, 2025	Net Change	Balance at June 30, 2026
Compensated Absences	$ 250,364	$ 11,893	$ 262,257

NOTE 9 – DUE FROM/LOAN RECEIVABLE FROM RELATED PARTY
The School is related to Discovery High School, Inc. by a common board of directors. There are several transactions that occur between the School and Discovery High School as listed below:

- The School purchased land with the intention of building educational facilities to lease to Discovery High School. The agreement indicates that the amount will be determined annually. Under the current agreement, rent expense charged to Discovery High School was $1,200,000 for the year ended June 30, 2026 and is included in charges for services in the Statement of Activities.
- The School and Discovery High School co-signed on revenue bonds related to refinancing the debt incurred to purchase the land and constructing the new educational facilities totaling approximately $27,000,000. The land and constructed buildings remain collateral security for the bond payable. At year end, the balance on the bonds was $25,210,000. (Refer to Note 6).
- At June 30, 2026, the School had a due from Discovery High School of $1,619,147 for operating costs paid by the School including payroll and transportation costs.
- There is a loan receivable for $593,231 as of June 30, 2026 for furniture and fixtures purchased by Discovery High School in its first year of operations. Currently, there is no payment plan for this amount.

NOTE 10 – CERTAIN RISK DISCLOSURES

Funding Dependency

The Charter School receives the majority of its operating revenue from per-pupil funding provided by the Polk County School Board, based on the number of full-time equivalent (FTE) students enrolled. Changes in enrollment levels or modifications to the State of Florida funding formula or allocation procedures could affect the School's ability to provide educational services or meet financial obligations. In addition, federal, state, and local grants substantially fund the School's services. Governmental programs are subject to changes in budget allocations, and adverse changes could significantly impact the School's operations.

Compliance and Uncertainty

In the normal course of operations, the Charter School receives grant funds from various federal, state, and local agencies. These programs are subject to audit by the granting authorities, the purpose of which is to ensure compliance with grant conditions. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements. No expenditures are being questioned as of June 30, 2026.

Credit Risk

It is the School's policy to maintain its cash in major banks. As of June 30, 2026, all of the School's cash funds qualified as a Public Deposit as defined in Chapter 280, Florida Statutes, and therefore are fully insured.

Insurance Coverage

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors, omissions, and natural disasters for which it carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past, and there were no reductions in coverage from the prior year. The School does not sponsor a public entity risk pool and has had no settlements that exceeded its insurance coverage.

REQUIRED SUPPLEMENTAL INFORMATION

DISCOVERY ACADEMY OF LAKE ALFRED, INC.
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund Budget				
	Budgeted Amounts		Variance with Original Budget - over (under) Final Budget	Actual Amounts Budgetary (and GAAP) Basis	Variance with Final Budget - over (under) Actual Amounts
	Original Budget	Final Budget			
REVENUES					
State and local sources	$ 8,247,868	$ 8,602,404	$ 354,536	$ 8,352,996	$ (249,408)
Charges for services	-	-	-	398,002	398,002
Contributions and other income	140,800	170,800	30,000	338,724	167,924
TOTAL REVENUES	8,388,668	8,773,204	384,536	9,089,722	316,518
EXPENDITURES					
Instruction	4,927,883	4,866,467	(61,416)	4,364,223	(502,244)
Instructional support services	379,226	378,424	(802)	458,687	80,263
Board	49,240	53,240	4,000	39,756	(13,484)
School administration	906,163	939,902	33,739	1,057,064	117,162
Fiscal services	172,177	71,100	(101,077)	179,181	108,081
Pupil transportation services	1,533,051	1,544,605	11,554	1,377,524	(167,081)
Operation of plant	661,400	731,736	70,336	825,440	93,704
Maintenance of plant	5,000	5,000	-	3,040	(1,960)
Administrative technology services	164,415	169,395	4,980	175,176	5,781
Capital outlay	-	-	-	64,098	64,098
Debt services	-	-	-	155,770	155,770
TOTAL EXPENDITURES	8,798,555	8,759,869	(38,686)	8,699,959	(59,910)
Other financing sources, net	-	-	-	312,575	312,575
Excess of revenues over expenses	$ (409,887)	$ 13,335	$ 423,222	$ 702,338	$ 689,003

See accompanying note to the required supplemental information.

DISCOVERY ACADEMY OF LAKE ALFRED, INC.
BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Special Revenue Fund Budget				
	Budgeted Amounts		Variance with Original Budget - over (under) Final Budget	Actual Amounts Budgetary (and GAAP) Basis	Variance with Final Budget - over (under) Actual Amounts
	Original Budget	Final Budget			
REVENUES					
Federal passed through local school district	$ 454,975	$ 454,971	$ (4)	$ 464,228	$ 9,257
National School Lunch Program	350,000	700,000	350,000	562,167	(137,833)
Charges for services	-	-	-	112,845	112,845
TOTAL REVENUES	804,975	1,154,971	349,996	1,139,240	(15,731)
EXPENDITURES					
Instruction	454,975	454,971	(4)	581,580	126,609
Food service	350,000	700,000	350,000	598,255	(101,745)
TOTAL EXPENDITURES	804,975	1,154,971	349,996	1,179,835	24,864
Other financing sources, net	-	-	-	-	-
Excess of revenues over expenses	$ -	$ -	$ -	$ (40,595)	$ (40,595)

See accompanying note to the required supplemental information.

DISCOVERY ACADEMY OF LAKE ALFRED, INC.
BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Debt Service Fund Budget				
	Budgeted Amounts		Variance with Original Budget - over (under) Final Budget	Actual Amounts Budgetary (and GAAP) Basis	Variance with Final Budget - over (under) Actual Amounts
	Original Budget	Final Budget			
REVENUES					
Charges for services	$ -	$ -	$ -	$ 1,200,000	$ 1,200,000
TOTAL REVENUES	-	-	-	1,200,000	1,200,000
EXPENDITURES					
Debt service	-	-	-	1,559,713	1,559,713
TOTAL EXPENDITURES	-	-	-	1,559,713	1,559,713
Other financing sources, net	-	-	-	373,516	373,516
Excess of revenues over expenses	$ -	$ -	$ -	$ 13,803	$ 13,803

See accompanying note to the required supplemental information.

DISCOVERY ACADEMY OF LAKE ALFRED, INC.
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2026

NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budgets are adopted for its governmental funds and may be amended by the Board. Certain budgets presented for the year ended June 30, 2026 were amended during the fiscal year.

Budgetary comparisons have been presented for the General Fund, Special Revenue Fund and Debt Service Fund, for which legally adopted budgets exist.

Budgets are presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).

NOTE B – ACTUAL BUDGET RESULTS – GENERAL FUND

	General Fund over (under)
BUDGETARY REVENUES	
Differences - original budget to final budget	
There were no significant differences between the original and final budget.	N/A
Differences - final budget to actual	
Charges for services - No revenue was budgeted for transportation services. Actual revenue relates to transportation services provided to Discovery High School during the year.	$ 398,002
Contributions and other income - Actual revenues exceeded budget primarily due to higher than anticipated contributions, grants and interest income received during the year.	$ 167,924

NOTE B – ACTUAL BUDGET RESULTS – GENERAL FUND (Continued)

	General Fund over (under)
BUDGETARY EXPENDITURES	
Differences - original budget to final budget	
Fiscal services - The budget was amended to reduce the budgeted FEFP district administrative fee.	$ (101,077)
Differences - final budget to actual	
Instruction - Actual instruction expenditures were below budget primarily due to lower than anticipated instructional personnel and related costs.	$ (502,244)
School administration - Actual school administration expenditures exceeded budget primarily due to administrative salaries, support personnel and related benefit costs being higher than anticipated. Actual fund-basis expenditures exclude depreciation expense.	$ 117,162
Fiscal services - Actual fiscal services did include FEFP district admin fee.	$ 108,081
Pupil transportation services - Actual transportation expenditures were below budget primarily due to lower than anticipated transportation operating costs. Significant current-year costs included transportation personnel, repairs and maintenance, insurance and fuel.	$ (167,081)
Debt service - Payments related to the bus loan were not budgeted.	$ 155,770

NOTE C - ACTUAL BUDGET RESULTS – SPECIAL REVENUE FUND

	Special Revenue over (under)
BUDGETARY REVENUES	
Differences - original budget to final budget	
National School Lunch Program - The budget was amended to increase NSLP revenue.	$ 350,000
Differences - final budget to actual	
National School Lunch Program - Actual NSLP revenues were below budget due to lower than anticipated meal reimbursement activity during the year.	$ (137,833)
Charges for services - Charges for services were not budgeted. Actual revenue relates to food service collections received during the year.	$ 112,845

NOTE C - ACTUAL BUDGET RESULTS – SPECIAL REVENUE FUND (Continued)

	Special Revenue over (under)
BUDGETARY EXPENDITURES	
Differences - original budget to final budget	
Food service - Food service expenses were increased in line with the increase in budgeted NSLP revenue.	$ 350,000
Differences - final budget to actual	
Instruction - Instruction costs exceeded budget due to higher than anticipated federal revenues.	$ 126,609
Food service - Actual food service expenditures were below budget due to lower than anticipated food service activity and related contracted service and operating costs during the year.	$ (101,745)

NOTE D - ACTUAL BUDGET RESULTS – DEBT SERVICE FUND

	Debt Service over (under)
BUDGETARY REVENUES	
Differences - original budget to final budget	
There were no significant differences between the original and final budget.	N/A
Differences - final budget to actual	
Charges for services - No revenue was budgeted. Actual revenue represents rental income received from Discovery High School related to use of the facility.	$ 1,200,000
BUDGETARY EXPENDITURES	
Differences - original budget to final budget	
There were no significant differences between the original and final budget.	N/A
Differences - final budget to actual	
Debt service - Interest and principal payments on the bond were not budgeted.	$ 1,559,713

DISCOVERY ACADEMY OF LAKE ALFRED, INC.
FRS/HIS - SCHEDULE OF PROPORTION SHARE OF NET PENSION LIABILITY
JUNE 30, 2026

Schedule of Proportionate Share of Net Pension Liability - Florida Retirement System – Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
School's proportion of the net pension liability	0.0117%	0.0109%	0.0121%	0.0134%	0.0119%	0.0106%	0.0103%	0.0096%	0.0080%	0.0072%
School's proportionate share of the net pension liability	$ 3,640,001	$ 4,200,006	$ 4,820,887	$ 4,987,672	$ 897,775	$ 4,636,617	$ 3,548,941	$ 2,882,323	$ 2,374,795	$ 1,822,059
School's covered-employee payroll	$ 5,128,515	$ 5,241,192	$ 4,790,123	$ 4,343,162	$ 4,200,609	$ 4,197,746	$ 3,701,072	$ 3,690,313	$ 3,819,590	$ 3,705,121
School's proportionate share of the net pension liability as a % of its covered payroll	70.98%	80.13%	100.64%	114.84%	21.37%	110.45%	95.89%	78.11%	62.17%	49.18%
Plan fiduciary net position as a % 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%

Schedule of Proportionate Share of Net Pension Liability - Health Insurance Subsidy Program – Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
School's proportion of the net pension liability	0.0200%	0.0193%	0.0202%	0.0208%	0.0186%	0.0188%	0.0173%	0.0161%	0.0140%	0.0127%
School's proportionate share of the net pension liability	$ 2,564,057	$ 2,890,550	$ 3,201,041	$ 2,200,445	$ 2,287,652	$ 2,292,972	$ 1,937,852	$ 1,707,366	$ 1,493,232	$ 1,484,939
School's covered-employee payroll	$ 5,128,515	$ 5,241,192	$ 4,790,123	$ 4,343,162	$ 4,200,609	$ 4,197,746	$ 3,701,072	$ 3,690,313	$ 3,819,590	$ 3,705,121
School's proportionate share of the net pension liability as a % of its covered payroll	50.00%	55.15%	66.83%	50.66%	54.46%	54.62%	52.36%	46.27%	39.09%	40.08%
Plan fiduciary net position as a % 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. However, until a full 10-year trend is compiled, governments should present information for only those years for which information is available.

Note 2: The amounts shown above are for illustration purposes only. Each employer will determine the appropriate amounts to present based upon amounts published in the pension allocation schedules.

Note 3: The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 4 of the Comprehensive Annual Financial Report on the website indicated in Note 5.

Note 4: Refer to GASB 81a - the information in this schedule should be determined as of the measurement date of the collective net pension liability.

DISCOVERY ACADEMY OF LAKE ALFRED, INC.
FRS/HIS - SCHEDULE OF CONTRIBUTIONS
JUNE 30, 2026

Schedule of Contributions Florida Retirement System – Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 700,281	$ 614,793	$ 582,018	$ 572,008	$ 452,766	$ 355,443	$ 319,533	$ 272,717	$ 298,068	$ 209,003
Contributions in relation to the contractually required contribution	$ (700,281)	$ (614,793)	$ (582,018)	$ (572,008)	$ (452,766)	$ (355,443)	$ (319,533)	$ (272,717)	$ (298,068)	$ (209,003)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Schools' covered-employee payroll	$ 5,128,515	$ 5,241,192	$ 4,790,123	$ 4,343,162	$ 4,200,609	$ 4,197,746	$ 3,701,072	$ 3,690,313	$ 3,819,590	$ 3,705,121
Contributions as a % of covered-employee payroll	13.65%	11.73%	12.15%	13.17%	10.78%	8.47%	8.63%	7.39%	7.80%	5.64%

Schedule of Contributions Health Insurance Subsidy Program – Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 170,950	$ 163,138	$ 132,590	$ 125,709	$ 109,622	$ 108,219	$ 96,172	$ 87,481	$ 73,908	$ 31,490
Contributions in relation to the contractually required contribution	$ (170,950)	$ (163,138)	$ (132,590)	$ (125,709)	$ (109,622)	$ (108,219)	$ (96,172)	$ (87,481)	$ (73,908)	$ (31,490)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Schools' covered-employee payroll	$ 5,128,515	$ 5,241,192	$ 4,790,123	$ 4,343,162	$ 4,200,609	$ 4,197,746	$ 3,701,072	$ 3,690,313	$ 3,819,590	$ 3,705,121
Contributions as a % of covered-employee payroll	3.33%	3.11%	2.77%	2.89%	2.61%	2.58%	2.60%	2.37%	1.93%	0.85%

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

Note 2: The amounts shown above are for illustration purposes only. Each employer will determine the appropriate amounts to present upon their accounting data.

Note 3: Refer to GASB 68, paragraph 81b - the information in this schedule should be determined as of the employer's most recent fiscal year.

GSMDT
GARCIA SANTA MARIA
DE ARMAS TRUJILLO
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COLLABORATIVE FAMILY
LAW INSTITUTE

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

Board of Directors of
Discovery Academy of Lake Alfred, Inc.
Lake Alfred, 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 and the aggregate remaining fund information of Discovery Academy of Lake Alfred, Inc., ("DALA", the "School"), 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 September 21, 2026.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

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 determination of financial statement amounts. 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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

García Santa María De Armas Trujillo, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 21, 2026

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COLLABORATIVE FAMILY
LAW INSTITUTE

MANAGEMENT LETTER

Board of Directors of
Discovery Academy of Lake Alfred, Inc.
Lake Alfred, Florida

Report on the Financial Statements
We have audited the financial statements of Discovery Academy of Lake Alfred, Inc. (the "School") as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated September 21, 2026.

Auditor's Responsibility
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; 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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated September 21, 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. Corrective actions have been taken to address 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 school code of the entity is Discovery Academy of Lake Alfred, Inc. Charter School, #502911.

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the School's overall financial condition as of June 30, 2026 is not deteriorating.

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 di not have any such recommendations.

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

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

García Santa María De Armas Trujillo, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 21, 2026