

**DISTRICT SCHOOL BOARD, CHARTER SCHOOL AND CHARTER
TECHNICAL CAREER CENTER, THE FLORIDA VIRTUAL SCHOOL
(INCLUDING FLORIDA VIRTUAL SCHOOL GLOBAL), AND
VIRTUAL INSTRUCTION PROGRAM PROVIDER
AUDIT REPORT SUBMITTAL CHECKLIST**

Entity Name: Highly Inquisitive & Versatile Education (HIVE) Preparatory School

Entity Address: 5855 NW 171 Street, Miami Gardens, FL 33015

Entity Contact Person:

Name: Alejandra Gonzalez

Title: Principal

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Title: Engagement Partner

Phone Number: 305-567-0150

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Fiscal Year Audited: 2026

Date the auditor delivered the audit report to the entity: 9/14/2026

Does the audit report include the following items required by Sections 10.806(2) or 10.856(2), Rules of the Auditor General, as applicable?

✓ Financial statements, as described in Sections 10.805(3) and 10.855(3) - (7), Rules of the Auditor General, as applicable, together with related notes to financial statements?

✓ Required supplementary information such as the management's discussion and analysis?

✓ The auditor's report on the financial statements?

✓ The auditor's report on internal control and compliance?

N/A Any other auditor's reports, related financial information, and auditee-prepared documents required pursuant to Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) or other applicable Federal law?

✓ The management letter defined in Sections 10.804(1)(f) and 10.854(1)(e), Rules of the Auditor General, as applicable?

N/A The written statement of explanation or rebuttal required by Sections 10.807(2) and 10.857(2), Rules of the Auditor General, as applicable?

In addition to the above, have the following requirements been complied with:

- ☒ Are all the above elements of the audit report included in a **single document** as required by Sections 10.806(2) and 10.856(2), Rules of the Auditor General, as applicable?
- ☒ Are **one** paper copy and **one** electronic copy of the audit report being submitted as required by Sections 10.807(4) and 10.857(4), Rules of the Auditor General, as applicable?
- ☒ Is the electronic copy named using all lowercase letters as follows: [fiscal year] [name of entity].pdf? For example, the converted document for the 2024-25 fiscal year for Alachua County District School Board should be named "2025 alachua county dsb.pdf", while the converted document for the 2024-25 fiscal year for Alachua Learning Center, Inc. should be named "2025 alachua learning center.pdf". If the charter school goes by a DBA (doing business as), use the DBA in the file name.
- ☒ Was the audit report submitted within 45 days after receipt of the audit report from the auditor, but no later than 9 months after the end of the fiscal year as required by Section 218.39(7), Florida Statutes, as referenced by Sections 10.807(4) and 10.857(4), Rules of the Auditor General? **NOTE:** There is no provision in law authorizing an extension for filing the audit report.

This checklist should accompany the audit report. It is suggested that you retain a copy of the checklist for your files. Do not hesitate to contact us if assistance or clarification is needed regarding reporting requirements. Our contact information is as follows:

Auditor General
Local Government Audits/251
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, Florida 32399-1450

Telephone: (850) 412-2892

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Web Site Address: FLAuditor.gov

**HIGHLY INQUISITIVE & VERSATILE EDUCATION ("HIVE") PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)**

**BASIC FINANCIAL STATEMENTS, INDEPENDENT
AUDITOR'S REPORT AND SUPPLEMENTARY
INFORMATION**

JUNE 30, 2026

HIVE PREPARATORY SCHOOL
TABLE OF CONTENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2026

Management’s Discussion and Analysis (Unaudited)	2-7
Independent Auditor’s Report.....	8-10
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet – Governmental Funds	13
Reconciliation of Balance Sheet – Governmental Funds to the Statement of Net Position.....	14
Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds.....	15
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities.....	16
Notes to Financial Statements.....	17-28
Required Supplementary Information	
Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget vs. Actual – General Fund.....	30
Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget vs. Actual – Special Revenue Fund	31
Notes to Required Supplementary Information	32
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33-34
Management Letter	35-37

As management of Highly Inquisitive & Versatile Education ("HIVE") Preparatory School (the "School") and Advanced Learning Charter School, Inc. (the "Charter Holder"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2026 to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the basic financial statements starting on page 11.

Financial Highlights

- Assets exceeded liabilities at the end of the fiscal year by \$4,652,561 (net position).
- Current assets exceeded current liabilities at the end of the fiscal year by \$6,619,178.
- The decrease in net position for the year ended June 30, 2026 was \$73,945.
- The unassigned fund balance at the end of the fiscal year was \$6,842,146.

At June 30, 2026, the School reported total net position of approximately \$4.65 million, a decrease of approximately \$74,000 from the prior year. The decrease was primarily attributable to lower state and local revenues. Total assets decreased approximately \$248,000, while total liabilities decreased approximately \$174,000, resulting in a modest overall decrease in the School's net position.

Governmental fund balance increased from approximately \$6.56 million to \$6.85 million. The increase resulted primarily from revenues exceeding expenditures during the year and continued strong operating performance.

Overview of the Financial Statements

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

Government-wide Financial Statements The government-wide financial statements provide information about the School's overall financial position and results of operations using the economic resources measurement focus and accrual basis of accounting.

These statements include the statement of net position and the statement of activities. The statement of net position presents the School's assets and liabilities, with the difference reported as net position. The statement of activities presents information showing how the School's net position changed during the year. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The government-wide financial statements include only the School itself, as the School has no component units. The School Board of Miami-Dade County, Florida includes the operations of the School in their operational results.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Overview of the Financial Statements (Continued)

Fund Financial Statements / Governmental Funds Fund financial statements provide more detailed information about the School's governmental funds and focus on near-term inflows, outflows, and balances of spendable resources, which are useful in assessing the School's financing requirements.

The School maintains two governmental funds, the General Fund and Special Revenue Fund, both of which are reported as major funds. Governmental fund financial statements have a narrower focus than government-wide financial statements. Reconciliations are provided to explain the differences between the governmental fund financial statements and the government-wide financial statements. The governmental fund financial statements can be found on pages 13 through 16 of this report.

Budgetary comparison schedules for the General Fund and Special Revenue Fund are presented as required supplementary information to demonstrate compliance with the School's adopted budgets and can be found on pages 30 and 31 of this report.

Notes to the Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 17 of this report.

Government-wide Financial Analysis

As noted previously, net position serves, over time, as a useful indicator of the School's financial position. For the years ended June 30, 2026 and 2025, the School's assets exceeded liabilities by \$4,652,561 and \$4,726,506 respectively.

HIVE Preparatory School Statements of Net Position

	Governmental Activities		
	2026	2025	Variance
ASSETS			
Cash and cash equivalents	\$ 6,987,067	\$ 5,502,944	\$ 1,484,123
Due from other agencies	96,938	1,315,703	(1,218,765)
Other assets	4,312	4,312	-
Capital assets, net of depreciation	9,604,282	10,117,374	(513,092)
Total assets	<u>\$ 16,692,599</u>	<u>\$ 16,940,333</u>	<u>\$ (247,734)</u>
LIABILITIES			
Current and other liabilities	\$ 469,139	\$ 458,963	\$ 10,176
Long-term liabilities	11,570,899	11,754,864	(183,965)
Total liabilities	<u>\$ 12,040,038</u>	<u>\$ 12,213,827</u>	<u>\$ (173,789)</u>
NET POSITION			
Investment in capital assets	\$ (2,193,897)	\$ (1,830,804)	\$ (363,093)
Unrestricted	6,846,458	6,557,310	289,148
Total net position	<u>\$ 4,652,561</u>	<u>\$ 4,726,506</u>	<u>\$ (73,945)</u>

HIVE PREPARATORY SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2026

Government-wide Financial Analysis (Continued)

Total net position decreased by approximately \$74,000 during fiscal year 2026. The decrease was driven primarily by decreased state and local revenues. Cash and cash equivalents increased approximately \$1.48 million as a result of strong operating cash flows and the timing of funding receipts. Amounts due from other agencies decreased approximately \$1.22 million, primarily because the prior-year balance included the second payment due under the 2018 referendum settlement agreement, which was received in July 2025. Capital assets decreased approximately \$513,000 because annual depreciation exceeded current-year capital asset additions. Long-term liabilities decreased approximately \$184,000 due to scheduled principal reductions on lease obligations, offset by new lease obligations added during the year. As a result of these factors, total net position decreased from approximately \$4.73 million to \$4.65 million at June 30, 2026.

**HIVE Preparatory School
Statement of Activities**

	2026	2025	Variance
Revenue:			
Federal through Local	\$ 835,138	\$ 1,439,778	\$ (604,640)
State and Local	10,158,260	12,084,011	(1,925,751)
Aftercare and lunch fees	505,042	423,775	81,267
Other Revenue (including Charges for Services)	357,780	232,262	125,518
Total Revenue	11,856,220	14,179,826	(2,323,606)
Expenses:			
Instruction	5,379,479	5,047,380	332,099
Instruction and Curriculum Development	3,894	13,052	(9,158)
General Administration	668,960	360,142	308,818
School Administration	1,786,173	2,141,931	(355,758)
Facilities Acquisition and Construction	106,457	91,389	15,068
Fiscal Services	711,363	720,651	(9,288)
Food Services	446,403	578,251	(131,848)
Operation of Plant - Interest on Capital Lease	981,909	991,397	(9,488)
Operation of Plant - Depreciation	594,257	611,072	(16,815)
Operation of Plant - Other	747,449	789,622	(42,173)
Maintenance of Plant	50,134	82,603	(32,469)
Community Services	453,687	376,978	76,709
Total Expenses	11,930,165	11,804,468	125,697
Change in net position	(73,945)	2,375,358	(2,449,303)
Net position at the beginning of the year	4,726,506	2,351,148	2,375,358
Net position at the end of the year	\$ 4,652,561	\$ 4,726,506	\$ (73,945)

Government-wide Financial Analysis (Continued)

Total revenues decreased approximately \$2.32 million, from \$14.18 million in the prior year to \$11.86 million in the current year. State and local revenues decreased approximately \$1.93 million, primarily due to the recognition of approximately \$1.15 million of unrestricted revenue in the prior year related to the 2018 referendum settlement agreement and changes in state educational funding. Federal revenues decreased approximately \$605,000 as certain federal funding programs continued to wind down.

Total expenses increased approximately \$126,000 from the prior year, with increases primarily concentrated in instruction and general administration. As a result of decreased revenues and higher operating costs, expenses exceeded revenues, resulting in a decrease in net position of approximately \$74,000 for fiscal year 2026.

Governmental Funds Financial Analysis

General Fund The General Fund is the School's primary operating fund and is funded largely through state and local educational funding distributed through the District under the Florida Education Finance Program ("FEFP"). The increase in General Fund balance during fiscal year 2026 reflects revenues exceeding expenditures and continued management of operating costs.

At the end of the current fiscal year, the School's General Fund reported an ending fund balance of \$6,846,458, of which \$6,842,146 was unassigned and available for spending at the School's discretion. This represents an increase of approximately \$289,000 from the prior year, primarily due to revenues exceeding expenditures during the year. The School maintained positive operating results while continuing to fund instructional, operational, and facility-related expenditures. The General Fund did not report any restricted, committed, or assigned fund balance amounts at year-end; accordingly, the unassigned fund balance remains available to support the School's ongoing operations and future needs.

Special Revenue Fund The Special Revenue Fund accounts for proceeds of specific revenue sources that are restricted or committed for specified purposes. At June 30, 2026, the Special Revenue Fund reported assets and liabilities of \$96,055, compared to \$161,750 at June 30, 2025. The decrease of approximately \$66,000 was due primarily to lower amounts due from other agencies and the related interfund payable outstanding at year end. The Special Revenue Fund did not report a fund balance at June 30, 2026 or 2025, as revenues and transfers recognized in the fund were used for eligible program expenditures during each year. Accordingly, substantially all available governmental fund resources at year-end were reported in the General Fund as unassigned fund balance, subject only to the nonspendable amount related to other assets.

HIVE PREPARATORY SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2026

Governmental Funds Financial Analysis (Continued)

Governmental Fund Budgetary Highlights Prior to the start of the school's fiscal year, the Board of Directors adopted an annual budget. Budgetary comparison schedules have been provided for the General Fund and Special Revenue Fund to demonstrate compliance with the School's adopted budgets.

	Budget		Actual
	Original	Final	
Revenue:			
FTE Funding	\$ 9,984,529	\$ 8,637,823	\$ 8,633,880
Title 1 and other federal funding	418,876	674,045	717,555
Charter Capital Outlay	905,622	1,120,636	1,112,624
NSLP and Lunch Fees	362,812	381,327	381,327
After Care and Summer Program	423,299	592,051	505,042
Other Revenue	279,236	410,015	445,792
Total Revenue	<u>12,374,374</u>	<u>11,815,897</u>	<u>11,796,220</u>
Expenditures:			
Instruction	4,907,441	5,239,637	5,175,578
Instruction and Curriculum Development	5,841	3,894	3,894
General Administration	154,832	616,017	668,960
School Administration	1,400,907	1,727,955	1,696,558
Facility Acquisition and Construction	361,923	41,989	77,075
Fiscal Services	1,067,209	737,216	711,363
Food Services	607,424	432,699	446,403
Operation of Plant - Facility Lease Payment	905,622	1,090,807	1,112,624
Operation of Plant - Other	742,753	764,320	747,449
Maintenance of Plant	200,491	52,134	50,134
Community Services	345,832	415,138	453,687
Capital Outlay:			
Other Capital Outlay	398,938	369,412	410,909
Total Expenditures	<u>11,099,213</u>	<u>11,491,218</u>	<u>11,554,634</u>
Excess of Revenue over Expenditures	<u>\$ 1,275,161</u>	<u>\$ 324,679</u>	<u>\$ 241,586</u>

Budget variances were primarily attributable to changes in the assumptions used during the original budget process regarding student enrollment, staffing, program funding, and capital outlay needs. The final budgets were developed using updated full-time equivalent ("FTE") counts, confirmed staffing levels, and revised information regarding available state, local, grant, and capital outlay funding. Actual revenues were slightly below final budgeted revenues, as lower-than-anticipated state and local funding was substantially offset by higher-than-anticipated federal and other revenues. Total expenditures exceeded final budgeted expenditures, primarily due to higher eligible program expenditures, including operation of plant, food services, community services, and capital outlay costs. Despite these variances, the School reported a positive change in total governmental fund balance for the year.

Capital Asset and Long-Term Debt Administration

Capital Assets The School's investment in capital assets for governmental activities totaled \$9,604,282, net of accumulated depreciation, at June 30, 2026, compared to \$10,117,374 at June 30, 2025. This represents a net decrease of approximately \$513,000, as current-year depreciation expense of approximately \$972,000 exceeded capital asset additions of approximately \$458,000. Current-year additions were primarily related to textbooks, computers and peripherals, furniture and equipment, and leasehold improvements. Additional information on the School's capital assets can be found in Note 3 of the financial statements.

Long-term Debt The School's long-term financing activity consists of lease obligations related to its facility and equipment leases. At June 30, 2026, total lease liabilities were approximately \$11.80 million, compared to approximately \$11.95 million at June 30, 2025. During the year, the School entered into two new equipment leases and made principal payments of approximately \$197,000, resulting in a net decrease in lease obligations of approximately \$150,000. The School also maintained an unused \$500,000 credit facility at year end. Additional information regarding the School's lease liabilities and credit facility can be found in Notes 4 and 5 of the financial statements.

Currently Known Facts, Decisions, or Conditions

Enrollment, Funding, and Future Growth The School continues to monitor enrollment trends, legislative funding decisions, and other factors affecting charter school operations in Florida. A significant portion of the School's revenues is derived from state and local educational funding programs, including funding distributed through the FEFP, which is based largely on student enrollment and statutory funding formulas. Accordingly, changes in enrollment levels, legislative appropriations, or funding formulas could affect future revenues and results of operations.

Following approval by the Board, management is evaluating the potential expansion into high school grade levels. The Board has approved continued exploration of this opportunity in light of the School's waiting list and anticipated enrollment growth. No final decisions have been made, and the financial impact, if any, cannot be determined at this time; however, the potential expansion could affect future operations, staffing, facilities, and related costs.

School Performance and Recognition The School continues to demonstrate strong academic performance and recognition, which management believes supports enrollment demand and the School's long-term operating outlook. The School has earned a letter grade of "A" for the last 16 years in which school grades were available, has been named a "High Performing" Florida school from 2013 through 2025, has been recognized as a "School of Excellence" from 2017 through 2025, and maintains a Gold Rated STEM Program.

School Location

For 2025-2026, the School continues to operate from its facility located at 5855 NW 171 Street, Miami Gardens, FL 33015.

Requests For Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Ms. Alexandra Gonzalez at HIVE Preparatory School, 5855 NW 171 Street, Miami Gardens, FL 33015.



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Highly Inquisitive & Versatile Education Preparatory School
Miami Gardens, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, of Highly Inquisitive & Versatile Education ("HIVE") Preparatory School (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 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 HIVE Preparatory School 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HIVE Preparatory 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 HIVE Preparatory 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 on pages 2 through 7 and 30 through 32 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 14, 2026, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

PAAST, P.C.

Certified Public Accountants
Coral Gables, Florida
September 14, 2026

HIVE PREPARATORY SCHOOL
STATEMENT OF NET POSITION
AS OF JUNE 30, 2026

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 6,987,067
Due from other agencies	96,938
Other assets	<u>4,312</u>
Total current assets	<u>7,088,317</u>
Noncurrent assets:	
Capital assets, depreciable (Notes 3 and 5):	
Right-to-use lease assets	12,532,601
Property, plant, and equipment	4,957,049
Less: accumulated depreciation	<u>(7,885,368)</u>
Capital assets, net of depreciation	<u>9,604,282</u>
TOTAL ASSETS	<u>\$ 16,692,599</u>
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable and accrued expenses	\$ 241,859
Lease liabilities	<u>227,280</u>
Total current liabilities	<u>469,139</u>
Long-term liabilities:	
Lease liabilities, net of current portion (Note 5)	<u>11,570,899</u>
Total long-term liabilities	<u>11,570,899</u>
TOTAL LIABILITIES	<u>12,040,038</u>
Net Position:	
Net investment in capital assets	(2,193,897)
Unrestricted	<u>6,846,458</u>
Total net position	<u>4,652,561</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 16,692,599</u>

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

HIVE PREPARATORY SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 5,379,479	\$ -	717,555	\$ -	\$ (4,661,924)
Instruction and Curriculum Development	3,894	-	-	-	(3,894)
General Administration	668,960	-	-	-	(668,960)
School Administration	1,786,173	-	-	-	(1,786,173)
Facilities Acquisition and Construction	106,457	-	-	-	(106,457)
Fiscal Services	711,363	-	-	-	(711,363)
Food Services	446,403	-	381,327	-	(65,076)
Operation of Plant - Interest on Lease	981,909	-	-	-	(981,909)
Operation of Plant - Depreciation	594,257	-	-	-	(594,257)
Operation of Plant - Other	747,449	-	-	1,260,636	513,187
Maintenance of Plant	50,134	-	-	-	(50,134)
Community Services	453,687	505,042	-	-	51,355
Total Governmental activities	<u>\$ 11,930,165</u>	<u>\$ 505,042</u>	<u>\$ 1,098,882</u>	<u>\$ 1,260,636</u>	<u>(9,065,605)</u>
General revenue:					
State passed through local school district					8,633,880
Other revenue					<u>357,780</u>
					<u>8,991,660</u>
Change in net position					(73,945)
Net position, beginning					<u>4,726,506</u>
Net position, ending					<u>\$ 4,652,561</u>

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

HIVE PREPARATORY SCHOOL
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF JUNE 30, 2026

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,987,067	\$ -	\$ 6,987,067
Due from other agencies	883	96,055	96,938
Due from other fund	96,055	-	96,055
Other assets	<u>4,312</u>	<u>-</u>	<u>4,312</u>
TOTAL ASSETS	<u>\$ 7,088,317</u>	<u>\$ 96,055</u>	<u>\$ 7,184,372</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 241,859	\$ -	\$ 241,859
Due to other fund	<u>-</u>	<u>96,055</u>	<u>96,055</u>
TOTAL LIABILITIES	<u>241,859</u>	<u>96,055</u>	<u>337,914</u>
FUND BALANCES			
Non-spendable, not in spendable form	4,312	-	4,312
Unassigned	<u>6,842,146</u>	<u>-</u>	<u>6,842,146</u>
TOTAL FUND BALANCES	<u>6,846,458</u>	<u>-</u>	<u>6,846,458</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,088,317</u>	<u>\$ 96,055</u>	<u>\$ 7,184,372</u>

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

HIVE PREPARATORY SCHOOL
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF
NET POSITION
AS OF JUNE 30, 2026

Total Fund Balance - Governmental Funds	\$ 6,846,458
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$17,489,650, net of accumulated depreciation of \$7,885,368, used in governmental activities are not financial resources and therefore are not reported in governmental funds (Note 3).	9,604,282
Lease liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. All liabilities, both current and long-term, are reported in the statement of net position (Note 5).	<u>(11,798,179)</u>
Total Net Position - Governmental Activities	<u>\$ 4,652,561</u>

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

HIVE PREPARATORY SCHOOL
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
Federal passed through local school district	\$ -	\$ 835,138	\$ 835,138
State passed through local school district	8,633,880	1,524,380	10,158,260
Aftercare and lunch fees	505,042	-	505,042
Other revenue	297,780	-	297,780
Total Revenue	<u>9,436,702</u>	<u>2,359,518</u>	<u>11,796,220</u>
Expenditures:			
Instruction	4,458,023	717,555	5,175,578
Instruction and Curriculum Development	3,894	-	3,894
General Administration	668,960	-	668,960
School Administration	1,696,558	-	1,696,558
Facilities Acquisition and Construction	77,075	-	77,075
Fiscal Services	711,363	-	711,363
Food Services	-	446,403	446,403
Operation of Plant - Facility Lease Payments	-	1,112,624	1,112,624
Operation of Plant - Other	599,437	148,012	747,449
Maintenance of Plant	50,134	-	50,134
Community Services	453,687	-	453,687
Capital Outlay:			
Other Capital Outlay	410,909	-	410,909
Total Expenditures	<u>9,130,040</u>	<u>2,424,594</u>	<u>11,554,634</u>
Excess (Deficit) of Revenue over Expenditures	306,662	(65,076)	241,586
Other Financing Sources (Uses)			
Other Financing Source – Lease Financing	47,562	-	47,562
Transfers (out) and in	(65,076)	65,076	-
Total Other Financing (Uses) Sources	<u>(17,514)</u>	<u>65,076</u>	<u>47,562</u>
Change in fund balance	289,148	-	289,148
Fund balance at the beginning of the year	6,557,310	-	6,557,310
Fund balance at the end of the year	<u>\$ 6,846,458</u>	<u>\$ -</u>	<u>\$ 6,846,458</u>

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

HIVE PREPARATORY SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
- GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Net change in fund balances - total governmental funds \$ 289,148

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report fixed capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$458,471 differed from depreciation expense of \$971,563 (Note 3). (513,092)

The issuance of long-term debt provides a source of current financial resources to governmental funds. However, issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is reported as an expenditure in the governmental funds, however in the statement of net position it is reflected as a reduction of liabilities and does not affect the statement of activities (Note 5).

Debt issuance for acquisition of lease assets	(47,562)
Repayment of debt principal for lease liabilities	<u>197,561</u>

Total change in net position of governmental activities \$ (73,945)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Advanced Learning Charter School, Inc. is a Florida Not-For-Profit Corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act and Section 1002.33, Florida Statutes. Advanced Learning Charter School, Inc. operates a charter school, Highly Inquisitive & Versatile Education ("HIVE") Preparatory School (the "School"), located at 5855 NW 171 Street, Miami Gardens, Florida 33015, under a charter of the sponsoring school district, the School Board of Miami-Dade County, Florida (the "District"). The Governing Board of the School is the School's Board of Directors, which is comprised of four members. The board has determined that no component units exist that would require inclusion in the School's financial statements.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The current Charter Contract (the "Contract") with the District is effective until June 30, 2028, and may be renewed by mutual agreement between the School and the District. At the end of the Contract term, the District may choose not to renew the charter under grounds specified in the Contract, in which case the District is required to give the School written notice ninety (90) days prior to the Contract's expiration. During the term of the Contract, the District may terminate the Contract for non-compliance.

The School is located in Miami Gardens, Florida and provides educational services to students in kindergarten through eighth grade. These financial statements are for the year ended June 30, 2026, when on average, 843 students were enrolled for the year.

Basis of Presentation

The financial statements of the School are prepared in accordance with generally accepted accounting principles ("GAAP"). The School applies all relevant Governmental Accounting Standards Board ("GASB") *Codification of Accounting and Financial Reporting Guidance*. Accordingly, the basic financial statements include both the government-wide and fund financial statements.

Government-wide and Fund Financial Statements

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

The statement of activities presents a comparison between the direct expenses and program revenue for each function or program of the School's governmental activities. Direct expenses are those that are clearly identifiable to a specific function. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements (Continued)

Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, expenditures and other financial sources and uses. The focus of the governmental fund financial statements is on major funds, which are reported in separate columns on the fund financial statements. The School has two governmental funds, the General Fund and the Special Revenue Fund, both of which are reported as major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Non-exchange transactions occur when the School gives (or receives) value without directly receiving (or giving) equal value in exchange. The School's revenues are generally non-exchange transactions and are recognized on the accrual basis in the fiscal year in which all eligibility requirements and conditions are met.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenue, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state or other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as an expenditure only when payment is due.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

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

Special Revenue Fund – this fund accounts for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The fund includes federal, state, and local program revenues for specific educational programs, food service revenues under the National School Lunch Program, and capital-related funding restricted or committed for eligible facility or program purposes.

Cash and Cash Equivalents

The School considers all highly liquid investments with a maturity of three months or less, at date of purchase, to be cash equivalents.

Due From Other Agencies

Due from other agencies, in the accompanying financial statements represent balances due from the National School Lunch Program, the Florida Department of Education for Charter School Capital Outlay, and other amounts due to the School by other governments or agencies relating to grants or programs for which the services have been provided by the School.

Accounts Receivable, Net of Allowance for Uncollectible Amounts

Accounts receivable consist primarily of amounts due from consulting services rendered by the School. Management evaluates receivables for collectability based on the facts and circumstances specific to each receivable and records an allowance for amounts considered uncollectible. At June 30, 2026, the consulting receivable was fully reserved due to uncertainty regarding collection:

Accounts receivable	\$ 60,000
Allowance for uncollectible amounts	<u>(60,000)</u>
Accounts receivable, net	<u>\$ _____</u>

Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, management monitors expenditures by function and object; however, the legal level of budgetary control is established at the fund level. Budget amendments, when necessary, are approved by the Board of Directors.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are reported in the applicable governmental columns on the government-wide financial statements at historical cost. Capital assets are defined by the School as assets with an initial combined cost of more than \$500 and an estimated useful life of more than two years. Donated capital assets are recorded at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are expensed as incurred.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	10 – 15
Furniture, fixtures and equipment	7 – 10
Audio visual equipment	3 – 5
Computers and peripherals	3 – 5
Textbooks	3 – 5

Right-to-use lease assets are initially measured as the initial amount of the related lease liability, adjusted for lease payments made at or before the commencement date, plus any initial direct costs, and less any lease incentives received. Right-to-use lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist primarily of accrued payroll and related costs. At June 30, 2026, accrued payroll and related costs totaled approximately \$225,000.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental funds report the face amount of debt issued as other financing sources and payments of debt principal as other financing uses.

Long-term obligations at June 30, 2026 consist of the School's lease liabilities (Note 5). Lease liabilities are recorded at the present value of the future minimum lease payments and amortized over the lease term. The liability represents the unamortized portion of the lease obligation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations (Continued)

A summary of long-term liability activity for the year ended June 30, 2026 is as follows:

Balance, July 1, 2025	\$ 11,948,178
Additions	47,562
Reductions	<u>(197,561)</u>
Balance, June 30, 2026	11,798,179
Less: current portion	<u>(227,280)</u>
Lease liabilities, net of current portion	<u>\$ 11,570,899</u>

Deferred Inflows/Outflows of Resources

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. Deferred outflows of resources represent consumption of resources that is applicable to future reporting periods that will be reported in a separate section after assets. Deferred inflows of resources represent acquisition of resources that is applicable to future reporting periods that will be reported in a separate section after liabilities. The School does not have any items that qualify for reporting in these categories.

Net Position and Fund Balance Classifications

Equity is classified as net position and displayed in three components:

- *Net investment in capital assets* – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- *Restricted net position* – consists of balances with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments.
- *Unrestricted net position* – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for a specific purpose, it is the School’s policy to use restricted resources first, until exhausted, before using unrestricted resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position and Fund Balance Classifications (Continued)

The GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications reflect the nature of the funds and the level of restriction placed upon the fund balance.

GASB 54 requires fund balance amounts to be reported within the following balance categories: Non-spendable, Restricted, Committed, Assigned and Unassigned.

- *Non-spendable* – fund balance amounts associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). All non-spendable fund balances at year end relate to assets not in spendable form.
- *Restricted* – fund balance amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. There are no restricted fund balances at year end.
- *Committed* – fund balance amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
- *Assigned* – fund balance amounts that are intended to be used by the School for specific purposes, but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at year end.
- *Unassigned* – fund balance is the residual classification for the School's general fund and includes all spendable amounts not contained in other classifications.

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance, in that order, at the end of the fiscal year by adjusting journal entries. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (excluding nonspendable amounts). Any remaining fund balance amounts in non-general funds are classified as restricted fund balance. It is possible for non-general funds to report a negative unassigned fund balance when nonspendable amounts plus restricted fund balances for specific purposes exceed the positive fund balance of the non-general fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Sources

Revenues for current operations are received primarily from the State of Florida through the District pursuant to the funding provisions included in the School's Contract. In accordance with the funding provisions of the School's Contract and Section 1002.33(17), Florida Statutes, the School reports the number of Full-Time Equivalent ("FTE") students and related student information to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related student information to the Florida Department of Education (the "FDOE") for funding through the Florida Education Finance Program ("FEFP"). Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the FEFP and actual FTE students reported by the School. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

The School receives state funds through the District under Charter School Capital Outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent, or construction of School facilities.

The School also receives federal awards for the enhancement of various educational programs. This assistance is 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 reported as deferred revenues until expended.

The School may generate other revenue from various fundraising activities and certain other programs.

Income Taxes

Advanced Learning Charter School, Inc. is exempt from income taxes under section 501(c)3 of the Internal Revenue Code of 1954 (as amended) under the classification of a public charity; accordingly, the financial statements reflect no provision for income taxes.

Compensated Absences

The School grants a specific number of days of sick/personal leave. Full-time employees are eligible for ten sick/personal days during the ten-month school year period. Employees are not eligible to carry forward unused days.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The School leases property and equipment under various non-cancellable leases. Leases are recorded in accordance with GASB Statement No. 87, *Leases* (GASB 87). Leases with terms of 12 months or less at commencement are expensed based on the provisions of the lease contract. For all other leases, the School recognizes a lease liability and an intangible right-to-use ("RTU") lease asset.

At lease commencement, the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The RTU asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the RTU asset is depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The School generally uses its incremental borrowing rate as the discount rate for leases unless the rate that the lessor charges is known.

The lease term includes the noncancelable period of the lease plus any additional periods covered by any options to extend or terminate which are reasonably certain to be exercised.

Use of Estimates

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

Advertising Costs

The School expenses all advertising costs as they are incurred. Total advertising costs for the year ended June 30, 2026 were approximately \$13,000.

Management Review of Subsequent Events

In accordance with GASB Codification Section 2250.106, Management has evaluated subsequent events through September 14, 2026, the date when the financial statements were available to be issued.

HIVE PREPARATORY SCHOOL
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2026

NOTE 2 - CASH

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the School’s deposits may not be returned to it. The School has not formally adopted deposit policies that limit its allowable deposits or address the specific types of deposit risk to which it is exposed. The School maintains its cash and cash equivalents in major banks that are FDIC-insured.

FDIC deposit insurance covers the depositors of a failed FDIC-insured depository institution dollar-for-dollar, principal plus any interest accrued or due to the depositor, through the date of default, up to at least \$250,000 per depositor, per financial institution. HIVE Preparatory School maintains its cash and cash equivalents in one financial institution. As of June 30, 2026, bank balances exceeding FDIC coverage were approximately \$6,665,877.

NOTE 3 - CAPITAL ASSETS

Changes in capital assets consist of the following:

	Balance at July 1, 2025	Additions	Disposals	Balance at June 30, 2026
Capital assets:				
Leasehold improvements	\$ 961,132	\$ 53,275	\$ -	\$ 1,014,407
Furniture, fixtures and equipment	848,345	62,370	-	910,715
Audio visual equipment	34,404	458	-	34,862
Computers and peripherals	1,514,059	139,802	-	1,653,861
Textbooks	1,188,200	155,004	-	1,343,204
Right-to-use lease assets	12,485,039	47,562	-	12,532,601
Total capital assets	17,031,179	458,471	-	17,489,650
Less accumulated depreciation:				
Leasehold improvements	(520,560)	(51,234)	-	(571,794)
Furniture, fixtures and equipment	(576,705)	(70,623)	-	(647,328)
Audio visual equipment	(33,361)	(599)	-	(33,960)
Computers and peripherals	(1,136,468)	(148,493)	-	(1,284,961)
Textbooks	(930,984)	(155,406)	-	(1,086,390)
Right-to-use lease assets	(3,715,727)	(545,208)	-	(4,260,935)
Total accumulated depreciation	(6,913,805)	(971,563)	-	(7,885,368)
Total governmental activities capital assets, net	\$ 10,117,374	\$ (513,092)	\$ -	\$ 9,604,282

NOTE 3 - CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended June 30, 2026 was \$971,563 and is allocated in the statement of activities as follows:

Operation of plant - depreciation	\$ 594,257
Instruction	203,901
School administration	144,023
Facilities and acquisition	29,382
Food services	-
Total depreciation expense	<u>\$ 971,563</u>

NOTE 4 - CREDIT FACILITY

The School has a credit facility with BridgeRock Capital Corporation ("BridgeRock"), a related party (Note 6), in the amount of \$500,000. The credit facility bears interest at a rate of 5% and is collateralized by the corporate assets of the School and matures on June 30, 2028. The terms of the credit facility allow for advances in increments of \$25,000 up to the facility amount. The School did not draw any advances nor carry any balance during the year ended June 30, 2026. No interest expense was incurred during the year then ended.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Leases

On October 29, 2009, the School entered into a Facility Lease with Palmetto KTP, LLC, a related party. On August 17, 2018, the School expanded the facility and amended the lease agreement to increase monthly rent payments and extend the lease expiration to August 17, 2043. Base rent of the lease escalates at a rate of 2.0% or CPI, whichever is greater.

The lease was recorded at the present value of the future minimum lease payments at the time of the lease extension. The leased facility is depreciated on a straight-line basis over the twenty-five year lease term. As of June 30, 2026, the property acquired under the right-to-use facility lease had a gross asset value of \$12,000,000, accumulated depreciation of \$3,840,000, and a net carrying amount of \$8,160,000, and is reported with capital assets in the statement of net position. Depreciation expense of \$480,000 is included in operation of plant - depreciation in the statement of activities.

The School leases office equipment under non-cancelable lease agreements, which are generally five-year leases with expiration dates ranging from June 2027 through January 2031. The leased equipment is depreciated on a straight-line basis over the remaining lease terms. As of June 30, 2026, right-to-use equipment had a gross asset value of \$532,601, accumulated depreciation of \$420,935, and a net carrying amount of \$111,666, and is reported with capital assets in the statement of net position. Depreciation expense of \$65,208 is included in school administration in the accompanying statement of activities.

HIVE PREPARATORY SCHOOL
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2026

NOTE 5 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Leases (Continued)

Annual requirements to amortize long-term lease obligations and related interest are as follows:

<u>School Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2026-2027	\$ 974,253	\$ 237,346	\$ 1,211,599
2027-2028	956,314	226,811	1,183,125
2028-2029	936,973	254,312	1,191,285
2029-2030	914,300	300,600	1,214,900
2031-2032	887,640	347,127	1,234,767
Thereafter	6,503,339	10,431,983	16,935,322
Total	<u>\$ 11,172,819</u>	<u>\$ 11,798,179</u>	<u>\$ 22,970,998</u>

The interest rate related to the facility lease liability is 8.36%, the rate implicit in the lease agreement. Interest expense for the year ended June 30, 2026 was approximately \$982,000 and is allocated to operation of plant – interest on lease in the statement of activities. The term remaining on the facility lease is 17.14 years.

The interest rate related to the lease liabilities resulting from equipment leases is 5%, the School's incremental borrowing rate. Interest expense for the year ended June 30, 2026 was approximately \$7,000 and is allocated to school administration in the statement of activities. The weighted average term remaining on equipment leases is 2.57 years.

Total variable rent-related expense for the year ended June 30, 2026 was approximately \$198,000. This amount includes triple net charges for common area maintenance, property insurance, management fees, and equipment overage charges.

Other Contingencies

The School receives substantially all of its funding from the District under the Florida Education Finance Program, which is based on student enrollment and applicable statutory funding formulas. As a result, the School is vulnerable to changes in student enrollment levels, legislative appropriations, and funding formula revisions. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Management monitors enrollment trends and budgetary performance throughout the year and believes the School is adequately positioned to respond to fluctuations in funding.

Additionally, the School participates in a number of federal, state and local grants which are subject to financial and compliance audits. It is the opinion of management that the amount of revenue, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

NOTE 5 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Other Contingencies (Continued)

Pursuant to the Charter School contract with the District, the District withholds an administrative fee of up to 2% of the qualifying revenues of the School. For the year ended June 30, 2026, administrative fees withheld by the District totaled approximately \$40,000.

NOTE 6 - RELATED PARTIES

BridgeRock is the provider of the credit facility to the School (Note 4). As of June 30, 2026, the School had no outstanding principal or accrued interest and no interest expense was incurred during the year then ended.

BridgeRock Education LLC, a company related to BridgeRock by common ownership, provides management and administrative services to the School, including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting. The current term of the agreement expires June 30, 2028 and, unless terminated by the Board of Directors, shall continue to be renewed along with any renewals to the charter agreement. During the year ended June 30, 2026, the School incurred approximately \$711,000 in management fees.

The School leases its facilities (Note 5) from Palmetto KTP, LLC, a company related to BridgeRock by common ownership. During the year ended June 30, 2026, the School made lease payments totaling approximately \$1,113,000 to Palmetto KTP, LLC.

NOTE 7 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; general liabilities; and natural disasters for which the School carries commercial liability insurance. There have been no claims against the policy during the fiscal year ended June 30, 2026.

NOTE 8 – DEFINED CONTRIBUTION PLAN

The School maintains a contributory profit sharing plan (the "Plan") as defined under Section 401(k) of the U.S. Internal Revenue Code covering substantially all employees. In 2026, the School contributed 100% of the amount of elective deferral contributions that did not exceed 4% of eligible compensation. Employer contributions during the year ended June 30, 2026 totaled approximately \$138,000. John Hancock Life Insurance Company acts as the Plan's custodian.

NOTE 9 – SUBSEQUENT EVENTS

Following the Board's approval, the School is evaluating the potential expansion into high school grade levels. The Board has approved continued exploration of this opportunity and anticipated enrollment growth. While no final decisions have been made, this expansion represents a significant strategic development for the school and may have implications for future operations.

Required Supplementary Information

HIVE PREPARATORY SCHOOL
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET VS.
ACTUAL- GENERAL FUND
AS OF AND FOR THE YEAR ENDED JUNE 30, 2026

	Budget			Final
	Original	Final	Actual	Variance
Revenue:				
State passed through local school district	\$ 9,984,529	\$ 8,637,823	\$ 8,633,880	\$ (3,943)
Local sources	423,299	592,051	505,042	(87,009)
Other revenue	279,236	270,015	297,780	27,765
Total Revenue	10,687,064	9,499,889	9,436,702	(63,187)
Expenditures:				
Instruction	4,488,565	4,529,387	4,458,023	(71,364)
Instruction and Curriculum Development	5,841	3,894	3,894	-
General Administration	154,832	616,017	668,960	52,943
School Administration	1,400,907	1,727,955	1,696,558	(31,397)
Facility Acquisition and Construction	361,923	41,989	77,075	35,086
Fiscal Services	1,067,209	737,216	711,363	(25,853)
Food Services	-	-	-	-
Operation of Plant - Facility Lease Payments	-	-	-	-
Operation of Plant - Other	742,753	638,457	599,437	(39,020)
Maintenance of Plant	200,491	52,134	50,134	(2,000)
Community Services	345,832	415,138	453,687	38,549
Capital Outlay:				
Other Capital Outlay	398,938	369,412	410,909	41,497
Total Expenditures	9,167,291	9,131,599	9,130,040	(1,559)
Excess (Deficiency) of Revenue over Expenditures	1,519,773	368,290	306,662	(61,628)
Other Financing Sources (Uses)				
Other Financing Source – Lease Financing	-	-	47,562	47,562
Transfers in and (out)	(244,612)	(51,373)	(65,076)	(13,703)
Total Other Financing Sources (Uses)	(244,612)	(51,373)	(17,514)	33,859
Change in Fund Balance	1,275,161	316,917	289,148	(27,769)
Fund balance at the beginning of the year	6,557,310	6,557,310	6,557,310	-
Fund balance at the end of the year	\$ 7,832,471	\$ 6,874,227	\$ 6,846,458	\$ (27,769)

See accompanying notes to required supplementary information.

HIVE PREPARATORY SCHOOL
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET VS.
ACTUAL- SPECIAL REVENUE FUND
AS OF AND FOR THE YEAR ENDED JUNE 30, 2026

	Budget			Final
	Original	Final	Actual	Variance
Revenue:				
Federal passed through local school district	\$ 781,688	\$ 795,370	\$ 835,138	\$ 39,768
State passed through local school district	905,622	1,520,636	1,524,380	3,744
Local sources	-	-	-	-
Total Revenue	<u>1,687,310</u>	<u>2,316,006</u>	<u>2,359,518</u>	<u>43,512</u>
Expenditures:				
Instruction	418,876	710,250	717,555	7,305
Instruction and Curriculum Development	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Facility Acquisition and Construction	-	-	-	-
Fiscal Services	-	-	-	-
Food Services	607,424	432,699	446,403	13,704
Operation of Plant - Facility Lease Payments	905,622	1,090,807	1,112,624	21,817
Operation of Plant - Other	-	125,863	148,012	22,149
Maintenance of Plant	-	-	-	-
Community Services	-	-	-	-
Capital Outlay:				
Other Capital Outlay	-	-	-	-
Total Expenditures	<u>1,931,922</u>	<u>2,359,619</u>	<u>2,424,594</u>	<u>64,975</u>
Excess (Deficiency) of Revenue over Expenditures	(244,612)	(43,613)	(65,076)	(21,463)
Other Financing Sources (Uses)				
Proceeds from credit facility	-	-	-	-
Lease liability for acquisition of lease assets	-	-	-	-
Transfers in and (out)	244,612	43,613	65,076	21,463
Total Other Financing Sources (Uses)	<u>244,612</u>	<u>43,613</u>	<u>65,076</u>	<u>21,463</u>
Change in Fund Balance	-	-	-	-
Fund balance at the beginning of the year	-	-	-	-
Fund balance at the end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to required supplementary information.

NOTE 1 - BUDGETARY INFORMATION

Basis of Accounting

The School's annual budgets are adopted for the entire operation at the combined governmental level and may be amended by the Board. Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund and each major fund for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting, which is the same basis of accounting used for the governmental fund financial statements. The legal level of budgetary control is at the fund level.

Budget Amendments

Significant budget variances for the General Fund and Special Revenue Fund were primarily attributable to differences between the assumptions used during the original budget process and the amounts ultimately reflected in the final budgets and actual results, including changes in student enrollment, staffing, program funding, capital outlay needs, and the timing and amount of certain state, local, grant, and referendum-related funding. Actual General Fund revenues were below final budgeted revenues, primarily due to lower-than-anticipated local sources and state funding passed through the local school district, partially offset by higher other revenue. Actual Special Revenue Fund revenues exceeded final budgeted revenues, primarily due to higher-than-anticipated federal funding passed through the local school district.

Budget Variances

For the year ended June 30, 2026, expenditures did not exceed appropriations at the fund level in the General Fund. Expenditures exceeded appropriations at the fund level in the Special Revenue Fund by \$21,463. The excess expenditures in the Special Revenue Fund were primarily attributable to eligible program expenditures exceeding final budgeted amounts for operation of plant costs. These additional expenditures were supported by higher-than-anticipated federal and state funding and related transfers and did not result in an ending fund balance deficit.



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

To the Board of Directors of
Highly Inquisitive & Versatile Education Preparatory School
Miami Gardens, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Highly Inquisitive & Versatile Education (HIVE) Preparatory School (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 14, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

PAAST, P.C.

Certified Public Accountants
Coral Gables, Florida
September 14, 2026

Management Letter



MANAGEMENT LETTER

To the Board of Directors of
Highly Inquisitive & Versatile Education Preparatory School
Miami Gardens, Florida

Report on the Financial Statements

We have audited the financial statements of Highly Inquisitive & Versatile Education ("HIVE") Preparatory School (the "School"), Florida, as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated September 14, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 14, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Highly Inquisitive & Versatile Education (HIVE) Preparatory School, 131014.

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 Highly Inquisitive & Versatile Education (HIVE) Preparatory 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 Highly Inquisitive & Versatile Education (HIVE) Preparatory 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 Highly Inquisitive & Versatile Education (HIVE) Preparatory School. It is management's responsibility to monitor Highly Inquisitive & Versatile Education (HIVE) Preparatory School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether Highly Inquisitive & Versatile Education (HIVE) Preparatory 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, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

PAAST, P.L.

Certified Public Accountants
Coral Gables, Florida
September 14, 2026