SARASOTA MILITARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

INDEPENDENT AUDITORS' REPORT
BASIC FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY
INFORMATION

JUNE 30, 2026

TABLE OF CONTENTS

Page

INDEPENDENT AUDITORS' REPORT 1

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) 3

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements
- Statement of Net Position 7
- Statement of Activities 8

Fund Financial Statements
- Combined Balance Sheet – Governmental Funds 9
- Reconciliation of the Combined Balance Sheet - Governmental Funds to the Statement of Net Position 10
- Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds 11
- Reconciliation of the Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds to the Statement of Activities 12
- Statement of Fiduciary Net Position - Fiduciary Funds 13
- Statement of Changes in Fiduciary Net Position - Fiduciary Funds 14

Notes to Basic Financial Statements 15-32

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund (Unaudited). 33
Notes to the Budgetary Comparison Schedule – General Fund 34
Schedule of Proportionate Share of Net Pension Liability and Contributions – FRS (Unaudited). 35
Schedule of Proportionate Share of Net Pension Liability and Contributions – HIS (Unaudited). 36

COMPLIANCE AND INTERNAL CONTROL

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 *Governmental Auditing Standards* 37
Management Letter 39

miller & miller CPAs

Marc A. Miller, CPA*

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Sarasota Military Academy, Inc.

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sarasota Military Academy, Inc. (the Charter School), a Charter School and component unit of the School Board of Sarasota County, Florida, as of and for the fiscal year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Charter School as of June 30, 2026, and the respective changes in financial position for the fiscal 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 (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Charter School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibility 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 auditors' 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 GAAS and Government Auditing Standards will always detect a material misstatement when it exists.

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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 GAAS and Government Auditing Standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, notes to budgetary comparison schedule, schedule of proportionate share of net pension liability and contributions - FRS, and schedule of proportionate share of net pension liability and contributions - HIS 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 Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

Miller & Miller, P.A.

Sarasota, Florida
September 14, 2026

SARASOTA MILITARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2026

The following pages represent Management's Discussion and Analysis (MD&A) of Sarasota Military Academy, Inc. (the Charter School). It depicts and reviews the financial picture and activities of the Charter School as of and for the fiscal year ended June 30, 2026.

The intent of this MD&A is to present a picture and assessment of the Charter School's financial performance in an effort to more clearly demonstrate to readers the results of this year's financial operations. Readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

Using the Financial Statements

This financial report includes a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand the Charter School as a financial whole, or as an entire operating entity.

The Statement of Net Position and the Statement of Activities provide information about the activities of the Charter School as a whole, presenting both an aggregate view of the Charter School's finances and a longer-term view of those finances. The General Fund statements show how services were financed in the short-term as well as what financial resources remain for future spending.

Financial Highlights

Statement of Net Position

	2026	2025	Change
Current and other assets	$ 2,806,331	$ 2,545,200	$ 261,131
Capital assets	18,042,967	18,145,120	(102,153)
Right-to-use leased assets	352,812	127,465	225,347
Total Assets	21,202,110	20,817,785	384,325
Deferred Outflow of Resources	1,466,716	1,890,988	(424,272)
Total Assets and Deferred Outflow of Resources	$ 22,668,826	$ 22,708,773	$ (39,947)
Current liabilities	$ 492,788	$ 900,541	$ (407,753)
Noncurrent liabilities	13,065,052	15,024,260	(1,959,208)
Total Liabilities	13,557,840	15,924,801	(2,366,961)
Deferred Inflow of Resources	2,409,267	2,077,098	332,169
Net investment in capital	$ 10,084,852	$ 9,324,663	$ 760,189
Restricted	178,266	71,194	107,072
Unrestricted	(3,561,399)	(4,688,983)	1,127,584
Total Net Position	6,701,719	4,706,874	1,994,845
Total Liabilities, Deferred Inflows of Resources and Net Position	$22,668,826	$ 22,708,773	$ (39,947)

Total assets increased by 1.85% due to net income which resulted in an increase in cash of approximately $638,000 that was offset by the decrease in prepaids of approximately $390,000. Total assets were also affected by the net increase in the right-to-use leased assets of approximately $225,000 due to new lease agreement and offset by the net decrease in capital assets due to annual depreciation.

Deferred outflow of resources decreased by 23% due to the estimated pension contribution in the current year to the Florida Retirement System (FRS) Pension Plan and the Retiree Health Insurance Subsidy (HIS) Program as required by Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

Total liabilities decreased by 14.9% this year due to the net decrease in the net pension liability (NPL) for the FRS and HIS programs of approximately $1,500,000, the decrease in debt by the pay down of the bond and note principals of approximately $631,000, which were offset by the increase in the lease liability of approximately $225,000.

Deferred inflow of resources increased by 16.0% due to the difference between projected and actual earnings on investments of the FRS and HIS programs and the effect of economic/demographic gains and losses.

Statement of Activities

	2026	2025	Change
Revenues			
Program revenues:			
Operating grants and contributions	$ 336,577	$ 288,826	$ 47,751
Capital grants and contributions	3,024,728	2,095,997	928,731
General revenues:			
Grants and contribution not restricted to specific programs	9,989,224	10,622,277	(633,053)
Investment Income (loss)	35,922	(22,051)	57,973
Other	455,337	406,112	49,225
Total revenues	13,841,788	13,391,161	450,627
Expenses			
Basic Instruction	5,019,079	5,753,134	(734,055)
Exceptional instruction	576,433	741,995	(165,562)
Other instruction	280,959	236,296	44,663
Guidance services	241,696	248,625	(6,929)
Health services	91,951	113,635	(21,684)
Instructional media services	78,878	88,720	(9,842)
School administration	2,104,234	2,146,336	(42,102)
Fiscal services	292,389	382,566	(90,177)
Pupil transportation	460,007	469,477	(9,470)
Operation of plant	2,151,767	1,997,845	153,922
Maintenance of plant	215,881	187,762	28,119
Debt service	333,669	336,134	(2,465)
Total expenses	11,846,943	12,702,525	(855,582)
Change in net position	1,994,845	688,636	1,306,209
Net position, beginning of year	4,706,874	4,018,238	688,636
Net position, end of year	$ 6,701,719	$ 4,706,874	$ 1,994,845

Total revenue increased approximately 3.3% mainly due to the increase of district school taxes of approximately $159,000, the increase in millage capital by approximately $620,000 and the increase in school district local sales tax of $295,000. These were offset by the decrease in FEFP of approximately $330,000 and the decrease in ESSER funds of approximately $310,000.

Overall expenditures decreased approximately 6.7% mainly due to a decrease in basic instruction of approximately $734,000, exceptional instruction of approximately $165,000, fiscal services of approximately $90,000 and health services of approximately $22,000. These were offset by increases in operation of plant, maintenance of plant and other instruction of approximately $154,000, $28,000 and $44,600, respectively.

Capital Assets

Below is a schedule of the Charter School's capital assets as of June 30, 2026 and 2025. See Note 4 to the financial statements for a detail of the changes during the fiscal year.

	2026	2025	Change
Capital assets, not being depreciated			
Land	$ 8,398,300	$ 8,398,300	$ -
Capital assets being depreciated			
Land improvements	153,483	153,483	-
Building and improvements	14,655,014	14,441,968	213,046
Furniture, fixtures and equipment	4,374,354	3,996,504	377,850
Motor vehicles	990,954	856,036	134,918
Total capital assets being depreciated	20,173,805	19,447,991	725,814
Less accumulated depreciation	10,529,138	9,701,171	827,967
Total capital assets, net	$ 18,042,967	$ 18,145,120	$ (102,153)

Capital asset changes during the year mainly included investments in computer equipment, equipment, and building improvements, which were offset by the annual depreciation of current capital assets.

Leased Asset Activity

At June 30, 2026, the Charter School had $352,812 in right-to-use leased assets, net of amortization. The Charter School began recording right-to-use leased assets in fiscal year 2022-23, pursuant to Governmental Accounting Standards Board (GASB) Statement No. 87 - Leases. Refer to Note 6 in the notes to the financial statements for additional information on the right-to-use leased assets.

Debt

Below is a schedule of outstanding debt as of June 30, 2026 and 2025. See Note 5 to the financial statements for a detail of changes during the fiscal year and specific debt provisions.

	2026	2025	Change
Bonds payable	$ 8,165,732	$ 8,796,652	$ (630,920)

Changes in debt during the year included payment of principal for bonds of approximately $630,920. The Charter School intends to use a pay-as-you-go approach for any future renovations.

Net Pension Liability

The components of the net pension liability for each defined benefit plan as of June 30, 2026 and 2025 are shown below:

	2026	2025	Change
Net Pension Liability - FRS	$ 2,777,071	$ 3,756,065	$ (978,994)
Net Pension Liability - HIS	1,752,496	2,301,968	(549,472)
Total Net Pension Liability	$ 4,529,567	$ 6,058,033	$ (1,528,466)

Economic Factors and the Budget

The Charter School's overall expenses decreased by $855,582 and overall revenues increased by $450,627.

The viability of the Charter School continues to rest with conservative and innovative financial management, with the primary focus on meeting the academic needs of the student body. For the fiscal year ended June 30, 2026, our fiscal situation remained stable. Furthermore, the Sarasota County school district continues to provide their charter schools a share of the local millage for capital improvements. The receipt of the capital improvement funds received from the district will free up operational resources for other requirements.

Request for Information

This financial report is designed to provide a general overview of the finances of the Charter School. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Christina Bowman, CEO at 801 North Orange Avenue, Sarasota, Florida 34236.

SARASOTA MILITARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

STATEMENT OF NET POSITION
JUNE 30, 2026

		Governmental Activities
Assets		
Current assets		
Cash and cash equivalents	$	2,720,464
Contributions receivable		16,141
Due from other governments		68,410
Prepaid items		1,316
Total current assets		2,806,331
Noncurrent assets		
Capital assets, net of depreciation		18,042,967
Right-to-use leased assets, net of amortization		352,812
Total noncurrent assets		18,395,779
Total Assets		21,202,110
Deferred Outflows of Resources		
Deferred outflows related to pensions - FRS		1,414,204
Deferred outflows related to pensions - HIS		52,512
Total Deferred Outflows of Resources		1,466,716
Total Assets and Deferred Outflows of Resources	$	$ 22,668,826
Liabilities and Net Position		
Current liabilities		
Accounts payable	$	112,678
Accrued salaries payable		380,110
Total current liabilities		492,788
Noncurrent liabilities		
Due within one year		746,545
Due in more than one year		12,318,507
Total noncurrent liabilities		13,065,052
Total Liabilities		13,557,840
Deferred Inflows of Resources		
Deferred inflows related to pensions - FRS		1,298,211
Deferred inflows related to pensions - HIS		1,111,056
Total Deferred Inflows of Resources		2,409,267
Net position		
Net investment in capital		10,084,852
Restricted		178,266
Unrestricted		(3,561,399)
Total net position		6,701,719
Total Liabilities, Deferred Inflows of Resources and Net Position	$	22,668,826

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

SARASOTA MILITARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

		Program Revenues		Net (Expense)
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
Primary government:				
Governmental activities				
Basic Instruction	$ 5,019,079	$ 181,232	$ 3,024,728	$ (1,813,119)
Exceptional instruction	576,433	18,061	-	(558,372)
Other instruction	280,959	137,284	-	(143,675)
Guidance services	241,696	-	-	(241,696)
Health services	91,951	-	-	(91,951)
Instructional media services	78,878	-	-	(78,878)
School administration	2,104,234	-	-	(2,104,234)
Fiscal services	292,389	-	-	(292,389)
Pupil transportation	460,007	-	-	(460,007)
Operation of plant	2,151,767	-	-	(2,151,767)
Maintenance of plant	215,881	-	-	(215,881)
Debt service	333,669	-	-	(333,669)
Total governmental activities	$ 11,846,943	$ 336,577	$ 3,024,728	$ (8,485,638)
General revenues:				
Grants and contributions not restricted to specific programs				9,989,224
Investment income				35,922
Other				455,337
Total general revenues				10,480,483
Change in net position				1,994,845
Net position, beginning of year				453,546
Prior period adjustment				4,253,328
Net position, beginning of year, restated				4,706,874
Net position, end of year				$ 6,701,719

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

SARASOTA MILITARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2026

	General Fund	Capital Projects Fund	Total
Assets			
Current assets			
Cash and cash equivalents	$ 2,720,464	$ -	$ 2,720,464
Contributions receivable	16,141	-	16,141
Due from other governments	18,219	50,191	68,410
Prepaid items	1,316	-	1,316
Total Assets	$ 2,756,140	$ 50,191	$ 2,806,331
Liabilities and Fund Balances			
Current liabilities			
Accounts payable	$ 104,178	$ 8,500	$ 112,678
Accrued expenses	380,110	-	380,110
Total Liabilities	484,288	8,500	492,788
Fund Balance			
Nonspendable	1,316	-	1,316
Restricted	178,266	41,691	219,957
Unrestricted	2,092,270	-	2,092,270
Total Fund Balance	2,271,852	41,691	2,313,543
Total Liabilities and Fund Balance	$ 2,756,140	$ 50,191	$ 2,806,331

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

SARASOTA MILITARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

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

June 30, 2026

Total Fund balance - Governmental Funds		$ 2,313,543
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital assets	$ 28,572,105	
Less accumulated depreciation	(10,529,138)	18,042,967
Right-to-use leased assets	470,416	
Less accumulated amortization	(117,604)	352,812
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Interest rate swap	5,207	
Compensated absences	(5,638)	
Net pension liability - HIS	(1,752,496)	
Net pension liability - FRS	(2,777,071)	
Leases	(369,322)	
Notes payable	(8,165,732)	(13,065,052)
Deferred outflows and inflows related to net pension liability are based on the differences between actuarially determined actual and expected investment returns, changes in the actuarially determined proportion of the Charter School's amount of total pension liability and pension contributions made after the measurement date of the net pension liability. These amounts will be amortized over the estimated remaining average service life of employees.		
Deferred outflows related to pension - FRS & HIS	1,466,716	
Deferred inflows related to pension - FRS & HIS	(2,409,267)	(942,551)
Total Net position of Governmental Activities		$ 6,701,719

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

SARASOTA MILITARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY

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

FOR THE YEAR ENDED JUNE 30, 2026

	General Fund	Capital Projects Fund	Total
Revenues			
Federal direct	$ 181,232	$ -	$ 181,232
Federal through state	18,061	-	18,061
State	6,527,530	624,139	7,151,669
Local	3,380,147	2,400,589	5,780,736
Other	674,168	-	674,168
Investment income	21,933	-	21,933
Total revenues	10,803,071	3,024,728	13,827,799
Expenditures			
Education			
Basic Instruction	5,161,323	-	5,161,323
Exceptional instruction	636,001	-	636,001
Other instruction	280,581	-	280,581
Guidance services	257,418	-	257,418
Health services	106,479	-	106,479
Instructional media services	4,342	-	4,342
School administration	2,112,769	-	2,112,769
Fiscal services	315,478	-	315,478
Pupil transportation	486,994	-	486,994
Operation of plant	1,859,725	-	1,859,725
Maintenance of plant	154,808	-	154,808
Capital outlay	737,033	-	737,033
Debt service			
Principal	712,295	-	712,295
Interest	333,669	-	333,669
Total expenditures	13,158,915	-	13,158,915
Excess (deficit) of revenues over expenditures	(2,355,844)	3,024,728	668,884
Other Financing Sources			
Transfer between funds	2,983,037	(2,983,037)	-
Total other financing sources	2,983,037	(2,983,037)	-
Net change in fund balance	627,193	41,691	668,884
Fund balance, beginning of year	1,644,659	-	1,644,659
Fund balance, end of year	$ 2,271,852	$ 41,691	$ 2,313,543

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

SARASOTA MILITARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

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

FOR THE YEAR ENDED JUNE 30, 2026

Net Change in Fund Balance - Governmental Funds		$ 668,884
Amounts reported 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. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital outlay expenditures	737,033	
Less current year depreciation	(827,967)	(90,934)
Governmental funds report right-to-use leased assets as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as amortization expense. This is the amount by which capital outlays exceeded amortization expense in the current period.		
Less current year amortization expense for right-to-use leased assets		(94,083)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the Statement of Net Position.		
Principal repayments on notes payable and capital leases		712,295
Pension expense in the statement of activities differ from the amount reported in the governmental funds because pension expenses are recognized on the statement of activities based on the Charter School's proportionate share of expense of the cost-sharing pension plan, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists		772,025
In the statement of activities, some revenues and expense do not require the source or use of current financial resources and, therefore, are not reported as a revenue or expenditure in the governmental funds.		
Change in accrued compensated balances	12,669	
Change in value of interest rate swap	13,989	26,658
Change in Net Position of Governmental Activities		$ 1,994,845

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

SARASOTA MILITARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2026

		Custodial Funds
Assets		
Current assets		
Cash and cash equivalents	$	29,806
Total Assets	$	29,806
Liabilities and Net Position		
Total Liabilities	$	-
Net position		
Restricted for:		
Individuals, organizations, and other governments		29,806
Total Net Position	$	29,806

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

SARASOTA MILITARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	Custodial Funds
ADDITIONS	
Miscellaneous	$ 66,016
Total Additions	66,016
DEDUCTIONS	
Payments for athletics, class, and club activities	65,396
Total Deductions	65,396
Net increase (decrease) in fiduciary net position	620
Net position at beginning of year	29,186
Net position at end of year	$ 29,806

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

NOTE 1 – ORGANIZATION

Sarasota Military Academy, Inc., a charter school and component unit of the School Board of Sarasota County, Florida (the Charter School) is a not-for-profit corporation formed on March 30, 2001, pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 228.056, Florida Statutes. The governing body of the Charter School is a Board of Directors. The Charter School is dedicated to teaching principles of leadership, high academic excellence, patriotism, and social responsibility to grades K-12 through involvement of students, faculty, parents, mentors, and the community. The Charter School's curriculum emphasizes the arts, encouraging students to learn, think and explore by traditional and nontraditional means.

The general operating authority of the Charter School is contained in Chapter 1002.33, Florida Statutes. The Charter School operates under a charter of the sponsoring school board, the School Board of Sarasota County, Florida (the School Board). The current charter is effective until June 30, 2040, and may be renewed by mutual agreement between the Charter School and the School Board. The Charter School is considered a component unit of the School Board.

The Charter School is considered a component unit of the School Board and meets the definition of a governmental entity under Audit and Accounting Guide - State and Local Governments issued by the American Institute of Certified Public Accountants; therefore, for financial reporting purposes, the Charter School is required to follow generally accepted accounting principles applicable to state and local governmental units.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The basic financial statements of the Charter School have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

In the government-wide Statement of Net Position, the Charter School reports on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Charter School's net position is reported in three parts (as applicable): net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function (or segment) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted grants and contributions and other items not properly included among program revenues are reported as general revenues.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements – Continued

The financial transactions of the Charter School are reported in individual funds in the fund financial statements. The operation of the fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures.

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

> General Fund – is the Charter School's general operating fund. It accounts for all financial resources of the school, except those required to be accounted for in another fund.
>
> Capital Projects Fund – used to account for charter school capital outlay funding that is legally restricted to expenditures for particular purposes.

Additionally, the Charter School reports separately the following fiduciary fund type:

> Custodial Fund – used to administer funds raised and earned at the Charter School in connection with student athletics, class, club activities, and the Charter School.

Measurement Focus, Basis of Accounting and Financial Statement Presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the Charter School considers revenues to be available if they are collected within 60 days of the end of the current period.

Expenditures generally are recorded when a liability is incurred, in accordance with accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

Florida Education Finance Program revenue, State Categorical revenue, and ROTC revenue associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Charter School.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Basis of Accounting: The annual budget was adopted on the modified accrual basis of accounting. The level of budgetary control is at the entity level. All annual appropriations lapse at fiscal year-end. For the fiscal year ended June 30, 2026, appropriations exceeded expenses by $668,884. Revisions, if any, to the annual budget are approved by the Board.

Cash Deposits: All deposits are held in a major bank and consist primarily of demand deposits at June 30, 2026. For financial reporting purposes, cash and cash equivalents include all highly liquid investments with a maturity of three months or less.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Receivables: Management considers all receivables to be fully collectible, therefore no allowance has been recorded as of June 30, 2026.

Capital Assets: Capital assets, which include property and equipment, are reported in the total column in the government-wide financial statements and are not reported in the fund financial statements. Capital assets are defined by the Charter School as assets with an initial cost of more than $1,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 the life of the asset are not capitalized. All capital assets are depreciated using the straight-line method over their estimated useful lives. Useful lives vary from 5 to 39 years for buildings and improvements, and 3 to 10 years for furniture, fixtures and equipment, motor vehicles and capital lease assets.

Interest Rate Swap: The Charter School entered into an interest rate swap transaction to reduce the economic risks associated with variability of cash outflows for interest required under the Educational Facilities Refunding Revenue Bond Agreement for Series 2012. Interest rate swap is recognized as either an asset or a liability at its fair value on the statement of net position with the change in the fair value reported in investment income on the statement of activities.

Compensated Absences: Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The criteria for determining the vacation leave liability is derived from board policy, negotiated agreements, and state law. The entire compensated absence liability is reported in the government-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as accrued salaries and benefits to the extent that the amounts would normally be liquidated with expendable available financial resources, but the balance of the liability is not recorded. The liability at year-end includes salary related payments such as Social Security, Medicare and Florida retirement system contributions.

Deferred Outflows and Inflows of Resources: The statement of net position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as revenues in the future periods.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Bonds Payable: Bond obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in government-wide statement of net position.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. Governmental fund types recognize bond discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Leases: The Charter School is a lessee for leases of equipment. A lease liability and an intangible right-to-use leased asset (RTU leased asset) are recognized in the government-wide financial statements for each lessee transaction.

At the commencement of each lease, the lease liability is measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liabilities are reduced by the principal portions of lease payments made. The RTU lease assets are measured as the initial amount of the individual lease liabilities, adjusted for lease payments made at or before the lease commencement dates, plus certain initial direct costs. Subsequently, the RTU lease assets are amortized on a straight-line
basis over their useful lives.

The Charter School calculates operating lease liabilities using the interest rate charged by the lessor as the discount rate. When an interest rate charged by the lessor is not provided, the risk-free rate, using a comparable period with the lease term, is used as the discount rate for leases. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized.

Interfund Transfers: The Charter School reports its debt service and capital fund expenditures in the general fund. For the fiscal year ended June 30, 2026, the capital projects fund transferred $2,983,037 to the general fund for current year expenditures and debt service payments.

Fund Equity: Reservations of fund balance represent amounts that are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position: Net position represents the difference between assets and liabilities. Net position, investment in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position invested in capital assets, net of related debt, excludes unspent debt proceeds.

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws, or regulations. All net position not reported as net position, investment in capital assets, net of related debt and restricted net position, are reported as unrestricted net position.

When both restricted and unrestricted resources are available for use, it is the Charter School's policy to use the restricted resources first, then unrestricted resources as they are needed.

Fund Balance: In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Charter School is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted - This component consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation.

Committed - This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Charter School's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Charter School removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.

Assigned - This component consists of amounts that are constrained by the Charter School's intent to be used for specific purposes but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of Directors.

Unassigned - This classification represents amounts that have not been restricted, committed or assigned to a specific purpose within the general fund.

When both restricted and unrestricted resources are available for use, it is the Charter School's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the Charter School's policy to use committed resources first, then assigned, and then unassigned as they are needed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance/Net Position Policy: The Charter School has a fund balance/net position policy tailored to the needs of the Charter School to insure against unanticipated events that would adversely affect the financial condition of the Charter School and jeopardize the continuation of services. This policy will ensure the Charter School maintains adequate fund balance/net position and reserves in the Charter School's operating fund to provide the capacity to: (1) provide sufficient cash flow for daily financial needs, (2) secure and maintain investment grade bond ratings, (3) offset significant economic downturns and revenue shortfalls, and (4) provide funds for unforeseen expenditures related to emergencies.

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

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

Income Taxes: The Charter School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3). The Charter School's status as a tax-exempt not-for-profit entity is considered a tax position subject to reporting requirements under FASB Accounting Standards Codification 740-10. Entities are required to examine all tax positions and determine if it is more likely than not that the positions would be sustained upon examination by taxing authorities. The Charter School has not recorded any accruals for uncertain income tax positions at June 30, 2026.

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

New Pronouncements: For the fiscal year ended June 30, 2026, the Charter School implemented GASB Statement No. 103, *Financial Reporting Model Improvements.* GASB Statement No. 103 established new financial reporting model improvements to enhance the effectiveness of financial statements in providing information essential for decision-making and assessing accountability. Key provisions of the statement include clarifying and refining the minimum requirements for Management Discussion and Analysis that emphasize analysis rather than repetition of financial statement data and clarifying presentation criteria for presenting major component unit information in the basic financial statements. The implementation of GASB No. 103 resulted in format modifications to required supplementary information, however, it had no effect on beginning net position or fund balance.

NOTE 3 – CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that in the event of bank failure, the Charter School's deposits may not be returned. The Charter School can mitigate this risk by depositing funds in financial institutions insured by Federal depository insurance. The deposits are insured by the FDIC up to $250,000 per bank institution. At June 30, 2026, the carrying amount of the Charter School's deposits was $2,749,470 and bank balances totaled $2,913,101. The Charter School had uninsured balances of $2,663,101 at June 30, 2026.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2026 was as follows:

	Balance July 1, 2025	Reclass/ Additions/	Deletions	Balance June 30, 2026
Capital assets, not being depreciated				
Land	$ 8,398,300	$ -	$ -	$ 8,398,300
Capital assets, being depreciated				
Land improvements	153,483	-	-	153,483
Buildings and improvements	14,441,968	213,046	-	14,655,014
Furniture, fixtures and equipment	3,996,504	377,850	-	4,374,354
Motor vehicles	856,036	134,918	-	990,954
Total capital assets being depreciated	19,447,991	725,814	-	20,173,805
Less accumulated depreciation				
Land improvements	112,044	5,661	-	117,705
Buildings and improvements	5,545,902	457,058	-	6,002,960
Furniture, fixtures and equipment	3,321,577	314,692	-	3,636,269
Motor vehicles	721,648	50,556	-	772,204
Total accumulated depreciation	9,701,171	827,967	-	10,529,138
Total capital assets being depreciated, net	9,746,820	(102,153)	-	9,644,667
Capital Assets, net	$18,145,120	$ (102,153)	$ -	$18,042,967

NOTE 4 - CAPITAL ASSETS - CONTINUED

Depreciation expense was $827,967 for the fiscal year ended June 30, 2026 and was allocated to the following governmental functions:

Basic instruction	$ 313,392
Exceptional instruction	7,591
Other instruction	378
Guidance services	829
Health services	77
Instructional media services	74,536
School administration	13,484
Fiscal services	773
Pupil transportation	48,199
Operation of plant	307,635
Maintenance of plant	61,073
Total	$ 827,967

NOTE 5 – NONCURRENT LIABILITIES

Activity for noncurrent liabilities for the fiscal year ended June 30, 2026 was as follows:

	Balance July 1, 2025	Additions	Reductions	Balance June 30, 2026	Due Within One Year
Governmental activities:					
Interest rate swap	$ 8,782	$ -	$ (13,989)	$ (5,207)	$ -
Compensated absences	18,307	-	(12,669)	5,638	5,638
Lease liabilities	142,486	450,698	(223,862)	369,322	85,539
Net pension liability – FRS	3,756,065	-	(978,994)	2,777,071	-
Net pension liability – HIS	2,301,968	-	(549,472)	1,752,496	-
Bonds payable	8,796,652	-	(630,920)	8,165,732	655,368
	$ 15,024,260	$ 450,698	$(2,409,906)	$13,065,052	$ 746,545

Bonds Payable and Interest Rate Swaps

Educational Facilities Refunding Revenue Bonds, Series 2012

On July 18, 2012, the Charter School entered into a bond purchase agreement with Wells Fargo Bank and Sarasota County for the purchase and sale of $5,565,000 of Educational Facilities Refunding Revenue Bonds (Sarasota Military Academy, Inc. Project), Series 2012. The bonds were sold to enable the Charter School to refinance its obligations related to the Tax-Exempt Adjustable Mode Industrial Development Revenue Bonds Series 2005 and Series 2008. The bonds bear interest at a weekly rate and continue to bear interest at the weekly rate to the date upon which the interest rate is converted, if ever, to the Flexible Term Rate, the Medium-Term Rate or the Fixed Rate in accordance with the terms of the Indenture. The bonds mature annually on July 19, with final maturity on July 19, 2037. The bonds are secured by an irrevocable, direct-pay letter of credit with Wells Fargo.

NOTE 5 – NONCURRENT LIABILITIES – CONTINUED

Bonds Payable and Interest Rate Swaps- Continued

Educational Facilities Refunding Revenue Bonds, Series 2012 - Continued

Additionally, the Charter School entered into an interest rate swap agreement with Wells Fargo Bank in conjunction with these bonds through July 18, 2027. The interest rate swap agreement had an original notional amount of $5,565,000 and declines as debt service payments are made. Under the swap agreement, the Charter School pays a fixed rate of 4.63% and receives interest at a variable rate equal to 77% of the USD-LIBOR-BBA, based on the notional amount which at June 30, 2026, was $3,349,000. Effective June 1, 2023, the variable rate has been adjusted to 77% of the USD-SOFR. Interest payments are due monthly and the variable rate is reset weekly based on a weighted average.

The Charter School has certain loan covenants within their agreements with Wells Fargo. As of June 30, 2026, the Charter School was in compliance with the loan covenants.

Annual debt service requirements to maturity for the bonds are as follows:

Fiscal Year Ending June 30:	Principal	Interest	Total
2027	$ 221,000	$ 117,252	$ 338,252
2028	3,128,000	14,568	3,142,568
Total	$ 3,349,000	$ 131,510	$ 3,480,820

Total bonds payable	$ 3,349,000
Current portion	(221,000)
Noncurrent portion	$ 3,128,000

Educational Facilities Refunding Revenue Bonds, Series 2016A and 2016B

On March 25, 2016, the Charter School entered into a bond purchase agreement with Wells Fargo Bank and Sarasota County for the purchase and sale of $7,554,540 of Educational Facilities Revenue Bonds (Sarasota Military Academy, Inc. Project), Series 2016A and Series 2016B in an aggregate principal amount not to exceed $1,000,000 in one or more advances. The bonds were sold to enable the Charter School to finance the acquisition of land and existing building constituting a middle school located at 3101 Bethel Lane in Sarasota, Florida and the cost of constructing on such land, a new classroom building and payments of cost in connection with the issuance of the bonds.

NOTE 5 – NONCURRENT LIABILITIES - CONTINUED

Bonds Payable and Interest Rate Swaps- Continued

Educational Facilities Refunding Revenue Bonds, Series 2016A and 2016B - Continued

The Series 2016A bonds bear interest at a rate of 2.74% per annum. Principal and interest are due to be paid on the 15™ day of each month in accordance with the terms of the Indenture. On the maturity date, all the outstanding principal shall be due and payable. Interest shall be computed on an actual/360 simple interest basis. The Series 2016A bonds mature on April 15, 2036. The bond is secured by an assignment by Sarasota County, Florida (the issuer), to Wells Fargo Bank of its rights in the Agreement and the Note, and an endorsement by the issuer without recourse of the note payable to the order of Wells Fargo Bank. Payment of the bond is further secured by a First Mortgage, Assignment of Leases and Rents and Security Agreement and a Second Mortgage, Assignment of Leases and Rents and Security Agreement from the Charter School to Wells Fargo Bank.

During the year ended June 30, 2016, the Charter School was advanced $196,772 in accordance with the Series 2016B bond agreement. The Series 2016B bonds bear interest at a rate of 2.84% per annum. Interest is to be paid on the 15th day of each month commencing on May 15, 2016. Interest shall be computed on an actual/360 simple interest basis. The Series 2016B bonds mature on April 15, 2036. On the maturity date, all outstanding principal shall be due and payable. The bond is secured by an assignment by Sarasota County, Florida (the issuer), to Wells Fargo Bank of its rights in the Agreement and the Note, and an endorsement by the issuer without recourse of the note payable to the order of Wells Fargo Bank. Payment of the bond is further secured by a First Mortgage, Assignment of Leases and Rents and Security Agreement and a Second Mortgage, Assignment of Leases and Rents and Security Agreement from the Charter School to Wells Fargo Bank.

The Charter School has certain loan covenants within their agreements with Wells Fargo. As of June 30, 2026, the Charter School was in compliance with the loan covenants.

Annual debt service requirements to maturity for the bonds are as follows:

Fiscal Year Ending June 30:	Principal Series 2016A & Series 2016B	Interest	Total
2027	$ 434,368	$ 126,347	$ 560,715
2028	446,473	114,242	560,715
2029	458,916	101,799	560,715
2030	471,705	89,010	560,715
2031	484,852	75,863	560,715
Thereafter	2,520,418	160,582	2,681,000
Total	$ 4,816,732	$ 667,843	$ 5,484,575

Total bonds payable	$ 4,816,732
Current portion	(434,368)
Noncurrent portion	$ 4,382,364

NOTE 6 – LEASES

Right-to-Use Leased Assets

The Charter School leases copiers and equipment. Certain leases can be short-term or renewable at the option of the Charter School, and are accounted for appropriately per GASB Statement No. 87, Leases. At June 30, 2026 there were no leases with variable payments not included in the measurement of the lease liability and none of the leases contained residual value guarantees. At June 30, 2026, the weighted-average remaining lease term for the Charter School's leases was four years, and the weighted-average discount rate used to measure the lease liabilities was 5%, reflecting the rate used to discount future lease payments to their present value, Right-to-use leased assets are amortized on a straight-line basis over the life of the lease. Amortization expense for the fiscal year ended June 30, 2026 was $94,083.

Right-to-use leased assets	$ 470,416
Accumulated amortization	(117,604)
Right-to-use leased assets, net	$ 352,812

Amortization for the remaining lease term as of June 30, 2026 are as follows:

Fiscal Year Ending June 30:	Total
2027	$ 94,083
2028	94,083
2029	94,083
2030	70,563
Total	$ 352,812

Leased Liabilities

The Charter School routinely leases copiers and equipment in lieu of purchasing assets. As of June 30, 2026 the Charter School's lease liabilities total $369,322. Annual principal and interest payments due for lease payments as of June 30, 2026 are as follows:

Fiscal Year Ending June 30:	Principal	Interest	Total
2027	$ 85,539	$ 16,524	$ 102,063
2028	89,916	12,147	102,063
2029	94,516	7,547	102,063
2030	99,351	2,712	102,063
Total	$ 369,322	$ 38,930	$ 408,252

NOTE 7 – DERIVATIVE INSTRUMENTS

The Charter School is a party to contracts for various derivative instruments, as discussed below. At June 30, 2026, the Charter School has the following derivative instruments outstanding:

		Fair value		Changes in Fair Value	
Governmental Activities Fair Value Hedge	Amount	Notional Classification	Amount	Classification	Amount
Pay-fixed Interest rate swap	$3,349,000	Debt	$5,207	Investment Revenue	$13,989

The Charter School is exposed to interest rate risk on its swap agreement. On the pay-fixed, recent variable interest rate swap, the Charter School's net payment increases as USD-SOFR decreases.

The derivative instrument may be terminated at any time if certain events occur that result in one party not performing in accordance with the agreement. The derivative instrument can be terminated due to illegality, a credit event upon merger, or an event of default. It can also be terminated if credit ratings fall below established levels.

NOTE 8 - DEFINED BENEFIT PENSION PLAN - FLORIDA RETIREMENT SYSTEM

Plan Description

All part-time and full-time permanent employees of the Charter School are covered by the Florida Retirement System. The Florida Retirement System (FRS) is a cost-sharing, multiple-employer, defined benefit retirement plan available to governmental units within the State of Florida. The plan was created by the Florida Legislature and is administered by the State of Florida Department of Administration.

The plan provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail. Senate Bill 2100, effective July 1, 2011, made a number of substantial changes to the FRS, including requiring 3% employee contributions on all compensation on or after July 1, 2011. The following are brief descriptions of the Plan in effect as of June 30, 2026.

For a more complete description, refer to the Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial report. The report may be obtained by writing to the Florida Retirement System, Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000.

NOTE 8 - DEFINED BENEFIT PENSION PLAN - FLORIDA RETIREMENT SYSTEM - CONTINUED

Benefits Provided

Benefits in the plan vest at six years of service for those enrolled in the FRS prior to July 1, 2011 and eight years of service for those enrolled in the FRS on or after July 1, 2011. The plan also includes an early retirement provision but imposes a penalty for each year a member retires before his or her normal retirement date. The plan provides retirement, disability, and death benefits and annual cost-of-living adjustments, as well as supplements for certain employees to cover social security benefits lost by virtue of retirement system membership.

The plan provides vesting of benefits after six years for those enrolled in the FRS prior to July 1, 2011 and eight years for those enrolled in the FRS on or after July 1, 2011. Members who were enrolled prior to July 1, 2011 are eligible for normal retirement after they have met one of the following: (1) thirty years of service, regardless of age, or (2) age 62 and six years of service. Members who were enrolled on or after July 1, 2011 are eligible for normal retirement after they have met one of the following: (1) thirty-three years of service, regardless of age or (2) age 65 and eight years of service.

Early retirement may be taken any time after completing six years of service for those enrolled in the FRS prior to July 1, 2011 and eight years for those enrolled in the FRS on or after July 1, 2011; however, there is a 5% benefit reduction for each year prior to normal retirement. The normal retirement age is 62 for those enrolled in the FRS prior to July 1, 2011 and 65 for those enrolled in the FRS on or after July 1, 2011. Benefits are computed on the basis of age, average final compensation, and service credit. Average final compensation is the average of the five highest years of earnings.

The plan also provides death and disability benefits. Benefits are estimated by Florida Statues and include cost of living adjustments.

Contributions

Effective July 1, 2011, both employees and employers of the FRS are required to make contributions to establish service credit for work performed in a regularly established position. Effective July 1, 2002, the Florida Legislature established a uniform contribution rate system for the FRS, covering both the Pension Plan and the Investment Plan. The uniform employer contribution rate for regular class members for the fiscal year 2025-2026 was 11.97%. These rates exclude the 2.00% contribution for the Retiree Health Insurance Subsidy, the fee of 0.04% for administration of the FRS Investment Plan and provision of educational tools for both plans, and unfunded actuarial liability rates. The employee contribution rate was 3% for the fiscal year ended June 30, 2026.

The Charter School's contribution to the plan for the fiscal year ended June 30, 2026 was $762,365.

NOTE 8 - DEFINED BENEFIT PENSION PLAN - FLORIDA RETIREMENT SYSTEM - CONTINUED

FRS Pension Liability and Expense and Deferred Outflows and Inflows of Resources

At June 30, 2026, the Charter School reported a liability of $2,777,071 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by rolling forward the Plan's total pension liability as of June 30, 2024 to June 30, 2025. The Charter School's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the School's proportions were 0.005419467% and 0.003528686%, which was a decrease of 0.000430085% and 0.000331194%, respectively, from its proportions measured as of June 30, 2024.

For the fiscal year ended June 30, 2026, the Charter School recognized a pension expense of $271,499. At June 30, 2026, the Charter School reported deferred outflows of resources and deferred inflows of resources related to FRS pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in:		
Contributions subsequent to measurement date	$ 762,365	$ -
Investments	-	(463,660)
Assumptions/inputs	322,490	-
Experience expected/actual	296,621	-
Change in Proportion, NPL	32,728	(834,551)
	$ 1,414,204	$ (1,298,211)

Deferred outflows of resources related pensions totaling $762,365, resulting from the Charter School's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

Fiscal Year Ending June 30:	
2027	$ 450,039
2028	(79,960)
2029	(119,663)
2030	(94,965)
2031	-
Thereafter	-
Total	$ 155,451

NOTE 8 - DEFINED BENEFIT PENSION PLAN - FLORIDA RETIREMENT SYSTEM – CONTINUED

Actuarial Assumptions for Defined Benefit Pension Plan

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 most recent experience study for the FRS Pension Plan was completed in 2024 for the period July 1, 2018 through June 30, 2023. The total pension liability for the plan was determined using the individual entry age actuarial cost method. Inflation increases is assumed at 2.40%. Payroll growth, including inflation, 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.

Long-Term Expected Rate of Return

The long-term expected rate of return on FRS Pension Plan investments was determined using a forward-looking capital market economic model, which includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	1.0%	3.3%
Fixed income	29.0%	5.7%
Global equity	45.0%	8.6%
Real estate (property)	12.0%	8.1%
Private equity	11.0%	12.4%
Strategic investments	2.0%	6.6%

Sensitivity Analysis

The following presents the net pension liability of the pension plan, calculated using the discount rate of 6.70%, as well as what the pension plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate.

	1.00% Decrease 5.70%	Current Discount Rate Interest	1.00% Increase 7.70%
Total FRS net pension liability	$60,905,966,278	$31,035,131,278	$5,991,855,278
Charter School's proportional share of the net pension liability	$ 5,449,959	$ 2,777,071	$ 536,160

NOTE 9 - DEFINED BENEFIT PENSION PLAN - HEALTH INSURANCE SUBSIDY PROGRAM

Plan Description

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Department of Management Services. For the fiscal year ended June 30, 2026, eligible 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 $5. The payments are at least $30 but not more than $150 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 health insurance coverage, which can include Medicare.

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS members.

For the fiscal year ended June 30, 2026, the contribution rate was 2.00 percent of payroll pursuant to section 112.363, Florida Statutes. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual Legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

HIS Pension Liability and Expense and Deferred Outflows and Inflows of Resources

At June 30, 2026, the Charter School reported a liability of $1,752,496 for its proportionate share of the HIS net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by rolling forward the Plan's total pension liability as of June 30, 2024 to June 30, 2025. The Charter School's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30,2025, the Charter School's proportions were 0.008232870% and 0.005439878%, which was a decrease of 0.000770295% and 0.000902407% respectively, from its proportions measured as of June 30, 2024.

For the fiscal year ended June 30, 2026, the Charter School recognized pension income of $265,501. At June 30, 2026, the Charter School reported deferred outflows of resources and deferred inflows of resources related to HIS program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in:		
Contributions subsequent to measurement date	$ 15,558	$ -
Investments	-	(1,458)
Assumptions/inputs	15,511	(423,885)
Experience expected/actual	10,461	(2,780)
Change in Proportion, NPL	10,982	(682,933)
	$ 52,512	$ (1,111,056)

NOTE 9 - DEFINED BENEFIT PENSION PLAN - HEALTH INSURANCE SUBSIDY PROGRAM CONTINUED

Deferred outflows of resources totaling $15,558, resulting from the Charter School's contribution subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

Fiscal Year Ending June 30:	
2027	$ (88,752)
2028	(106,259)
2029	(89,462)
2030	(71,695)
2031	(46,153)
Thereafter	-
Total	$ (402,321)

Actuarial Assumptions for Defined Benefit Health Insurance Premium Benefit Plan

The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. 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 the plan was determined using the individual entry age actuarial cost method. Inflation increases is assumed at 2.40%. Payroll growth, including inflation, is assumed at 3.50%. 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.

Sensitivity Analysis

The following presents the net pension liability of the HIS, calculated using the discount rate of 5.20%, as well as what the HIS's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current rate.

	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
Total HIS net pension liability	$14,453,731,622	$12,817,444,130	$11,445,119,065
Charter School's proportional share of the net position liability	$ 1,976,222	$ 1,752,496	$ 1,564,862

NOTE 10 – RISK MANAGEMENT PROGRAMS

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Charter School has purchased commercial insurance. The Charter School has not had any reduction in insurance coverage and settlements have not exceeded coverage for each of the past three fiscal years.

NOTE 11 – LITIGATION

The School Board is contingently liable with respect to lawsuits and other claims that arise in the ordinary course of its operations. Management believes that any liability arising from such claims would be immaterial to the financial statements.

NOTE 12 – FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

Certain of the Charter School's financial instruments are not measured at fair value on a recurring basis but nevertheless are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and financial liabilities include cash and cash equivalents, accounts receivable, due from other governments, prepaid items, accounts payable, and accrued expenses.

NOTE 13 – PRIOR PERIOD ADJUSTMENT

During the audit process, it was discovered that deferred outflows related to pensions – FRS and deferred outflows related to pensions – HIS was not properly stated at June 30, 2025. As a result, deferred outflows related to pensions - FRS and deferred outflows related to pensions – HIS increased $4,253,328 in total and unrestricted net assets increased $4,253,328 at June 30, 2025.

NOTE 14 – EVALUATION OF SUBSEQUENT EVENTS

On August 5, 2026, the Board of Directors approved listing the high school campus at 801 North Orange Avenue for sale, and the property was listed publicly that week.

The Charter School has evaluated subsequent events through September 14, 2026, the date the financial statements were available for issuance.

REQUIRED SUPPLEMENTARY INFORMATION

SARASOTA MILITARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2026
UNAUDITED

	Budgeted Amounts		Over /		Over /
	Original	Final	(Under)	Actual	(Under)
Revenues					
Federal direct	$ 210,080	$ 210,080	$ -	$ 181,232	$ (28,848)
Federal through state	6,980	6,980	-	18,061	11,081
State through local	12,460,429	12,460,429	-	12,932,405	471,976
Other	602,688	602,688	-	696,101	93,413
Total revenues	13,280,177	13,280,177	-	13,827,799	547,622
Expenditures					
Education					
Basic Instruction	5,427,386	5,427,386	-	5,161,323	(266,063)
Exceptional instruction	638,701	638,701	-	636,001	(2,700)
Other instruction	278,498	278,498	-	280,581	2,083
Guidance services	200,526	200,526	-	257,418	56,892
Health services	82,820	82,820	-	106,479	23,659
Instructional media services	86,334	86,334	-	4,342	(81,992)
School administration	2,091,577	2,091,577	-	2,112,769	21,192
Fiscal services	364,637	364,637	-	315,478	(49,159)
Pupil transportation	443,658	443,658	-	486,994	43,336
Operation of plant	1,847,034	1,847,034	-	1,859,725	12,691
Maintenance of plant	381,617	381,617	-	154,808	(226,809)
Capital outlay	-	-	-	737,033	737,033
Debt service					
Principal and interest	902,062	902,062	-	1,045,964	143,902
Total expenditures	12,744,850	12,744,850	-	13,158,915	414,065
Excess (deficit) of revenues over expenditures	535,327	535,327	-	668,884	133,557
Net change in fund balance	$ 535,327	$ 535,327	$ -	$ 668,884	$ 133,557

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

NOTE A – EXPLANATION OF SIGNIFICANT VARIATIONS BETWEE ORGINAL AND FINAL BUDGETS AMOUNTS AND FINAL BUDGET AMOUNTS AND ACTUAL RESULTS

The Charter School's final budget reflected amendments made during the fiscal year to accommodate changes in operating and capital expenditure expectations. Actual results differed from the final amended budget in several functions due primarily to the following matters:

- State and local revenues exceeded the original and final budget by $471,976 due to an increase in millage and sales tax collections, which was offset by slight drop in student enrollment.

- Other revenues exceeded the original and final budget by $93,413 due higher than anticipated donations and sports and activities collections, which was slightly offset by lower interest income.

- Basic instruction expenditures came in under the original and final budget by $266,063 as a result of four mid-year teacher resignations, whose positions did not require replacement.

- Guidance services exceeded the original and final budget by $56,892, reflecting a projection based on prior-year actuals rather than anticipated needs.

- Instructional media services came in under the original and final budget by $81,992 due to technology expenses being misallocated to this category during the budget process.

- Maintenance of plant came in under the original and final budget by $226,809, primarily from a reduction in planned HVAC units being purchased.

- Capital outlays exceeded the original and final budget by $737,033, since capital outlays were omitted from the original and final budget.

- Debt Service exceeded the original and final budget by $143,902, reflecting a projection based on prior-year actuals rather than forward debt amortization schedules.

- The resulting positive variance in fund balance compared with the final amended budget was primarily attributable to revenues exceeding expectations combined with lower expenditures in certain operational and capital functions.

The budget was prepared on the modified accrual basis of accounting, and all annual appropriations lapse at fiscal year-end, as disclosed in the accompanying required supplementary information schedule.

SARASOTA MILITARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET POSITION LIABILITY AND CONTRIBUTIONS - FRS (UNAUDITED)
LAST TEN MEASUREMENT PERIODS[1]

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PROPORTIONATE SHARE OF NET PENSION LIABILITY										
Charter School's proportion of the net pension liability										
High school	0.009910741%	0.009046043%	0.009141010%	0.009119155%	0.008184443%	0.008353687%	0.008084734%	0.006510320%	0.005849552%	0.005419467%
Prep	0.002170394%	0.004027495%	0.005197701%	0.005679523%	0.005072926%	0.005756334%	0.005559059%	0.004834455%	0.003859880%	0.003528686%
Charter School's proportionate share of the net pension liability	$ 3,519,416	$ 4,213,204	$ 4,464,022	$ 4,952,860	$ 5,745,939	$ 1,065,852	$ 5,076,588	$ 4,520,533	$ 3,756,065	$ 2,777,071
Charter School's covered-employee payroll	$ 6,744,577	$ 7,049,786	$ 7,553,397	$ 7,113,054	$ 7,041,129	$ 7,166,465	$ 6,970,588	$ 6,494,389	$ 6,110,050	$ 5,569,377
Charter School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	52.18%	59.76%	59.10%	69.63%	81.61%	14.87%	72.83%	69.61%	61.47%	49.86%
Plan fiduciary net position as a percentage of the total pension	84.88%	83.89%	84.26%	82.61%	78.85%	96.40%	82.89%	82.38%	83.70%	87.26%
CONTRIBUTIONS										
Contractually required contributions	$ 380,112	$ 412,744	$ 475,121	$ 519,536	$ 513,062	$ 605,972	$ 676,762	$ 718,450	$ 753,131	$ 664,940
Contribution in relation to the contractually required contribution	(380,112)	(412,744)	(475,121)	(519,536)	(513,062)	(605,972)	(676,762)	(718,450)	(753,131)	(664,940)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charter School's covered-employee payroll	$ 6,744,577	$ 7,049,786	$ 7,553,397	$ 7,113,054	$ 7,041,129	$ 7,166,465	$ 6,970,588	$ 6,494,389	$ 6,110,050	$ 5,569,377
Contributions as a percentage of covered employee payroll	5.64%	5.85%	6.29%	7.30%	7.29%	8.46%	9.71%	11.06%	12.33%	11.94%

[1] The amounts presented for each measurement period were determined as of June 30. Information is required to be presented for 10 years.

SARASOTA MILITARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET POSITION LIABILITY AND CONTRIBUTIONS - HIS (UNAUDITED)
LAST TEN MEASUREMENT PERIODS[1]

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PROPORTIONATE SHARE OF NET PENSION LIABILITY										
Charter School's proportion of the net pension liability										
High school	0.015894760%	0.014462872%	0.014478161%	0.014014006%	0.011839839%	0.011171531%	0.011374776%	0.010063436%	0.009003165%	0.008232870%
Prep	0.005951906%	0.007654283%	0.008648122%	0.008815434%	0.008642707%	0.008717557%	0.008290056%	0.008290056%	0.006342285%	0.005439878%
Charter School's proportionate share of the net pension liability	$ 2,546,138	$ 2,364,868	$ 2,447,712	$ 2,554,386	$ 2,554,386	$ 2,439,695	$ 2,082,819	$ 2,794,271	$ 2,301,968	$ 1,752,496
Charter School's covered-employee payroll	$ 6,744,577	$ 7,049,786	$ 7,553,397	$ 7,113,054	$ 7,041,129	$ 7,166,465	$ 6,970,588	$ 6,494,389	$ 6,110,050	$ 5,569,377
Charter School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	37.75%	33.55%	32.41%	35.91%	36.28%	34.04%	29.88%	43.03%	37.68%	31.47%
Plan fiduciary net position as a percentage of the total pension	0.97%	1.64%	2.15%	2.63%	3.00%	3.56%	4.81%	4.12%	4.80%	6.36%
CONTRIBUTIONS										
Contractually required contributions	$ 111,960	$ 117,026	$ 125,386	$ 118,077	$ 116,883	$ 118,963	$ 115,712	$ 107,807	$ 122,201	$ 111,388
Contribution in relation to the contractually required contribution	(111,960)	(117,026)	(125,386)	(118,077)	(116,883)	(118,963)	(115,712)	(107,807)	(122,201)	(111,388)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charter School's covered-employee payroll	$ 6,744,577	$ 7,049,786	$ 7,553,397	$ 7,113,054	$ 7,041,129	$ 7,166,465	$ 6,970,588	$ 6,494,389	$ 6,110,050	$ 5,569,377
Contributions as a percentage of covered employee payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	2.00%	2.00%

[1] The amounts presented for each measurement period were determined as of June 30. Information is required to be presented for 10 years.

miller & miller CPAs

Marc A. Miller, CPA*

Kelley D. Miller, CPA*

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*

To the Board of Directors
Sarasota Military Academy, Inc.

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 Sarasota Military Academy, Inc.'s (the "Charter School"), as of, and for the fiscal year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Sarasota Military Academy, Inc.'s basic financial statements and have issued our report thereon dated September xx, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter School's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control.

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

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

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To the Board of Directors
Sarasota Military Academy, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sarasota Military Academy, Inc.'s financial statements are free of 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 intended 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 the audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Miller & Miller, P.A.

Sarasota, Florida
September 14, 2026

miller & miller CPAs

Marc A. Miller, CPA*

Kelley D. Miller, CPA*

MANAGEMENT LETTER

To the Board of Directors
Sarasota Military Academy, Inc.

Report on the Financial Statements

We have audited the financial statements of the governmental activities and each major fund of Sarasota Military Academy, Inc. (the Charter School), a Charter School and component unit of the School Board of Sarasota County, as of and for the fiscal year ended June 30, 2026, which collectively comprise Sarasota Military Academy, Inc.'s basic financial statements and have issued our report thereon dated September xx, 2026.

Auditors' 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.

Other Reporting Required by *Government Auditing Standards*

We have issued our Independent Auditors' 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 this report, which is dated September xx, 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 prior year findings or recommendations.

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 are the Sarasota Military Academy, Inc. and 0083.

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To the Board of Directors
Sarasota Military Academy, Inc.

Financial Condition

Section 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 Sarasota Military Academy, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statues, and to identify the specific condition(s) met. In connection with our audit, we determined that the Sarasota Military Academy, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the Sarasota Military Academy, Inc. 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 their review of financial information provided by the same.

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the Sarasota School of Arts & Sciences, Inc 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 Sarasota Military Academy, Inc. 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 that we address noncompliance with provisions of contracts or grant agreements, 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 which 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, applicable management, and the School Board of Sarasota County, Florida, and it is not intended to be and should not be used by anyone other than these specified parties.

Miller & Miller, P.A.

Sarasota, Florida
September 14, 2026