

**SOUTH TECH PREPARATORY
ACADEMY, INC.**

A Charter School Sponsored by the
District School Board of Palm Beach County, Florida

INDEPENDENT AUDITOR'S REPORT
for the fiscal year ended JUNE 30, 2026

King & Walker, CPAs, PL

Certified Public Accountants

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SOUTH TECH PREPARATORY ACADEMY, INC.

A Charter School Sponsored by the District School Board of Palm Beach County, Florida

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Independent Auditor's Report

To the Board of Directors of South Tech Preparatory Academy, Inc.
a Charter School Sponsored by the
District School Board of Palm Beach County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund of South Tech Preparatory Academy, Inc. ("School"), a Charter School Sponsored by the District School Board of Palm Beach County, Florida, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Budgetary Comparison Schedule, and other required supplementary information as listed in the table of contents, 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 September 9, 2026, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

September 9, 2026
Tampa, Florida

SOUTH TECH PREPARATORY ACADEMY, INC.

A Charter School Sponsored by the District School Board of Palm Beach County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

The Management's Discussion and Analysis (MD&A) section of the annual financial report of South Tech Preparatory Academy, Inc. ("School"), provides an overview of the School's financial activities for the fiscal year ended June 30, 2026.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to financial statements as listed in the table of contents.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2026, the School's revenues exceeded expenses as shown on the School's statement of activities by \$1,765,568.
- The School reported a total net position balance of \$6,688,186, and an unrestricted net position balance of \$5,794,181, as shown on the statement of net position.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

Government-Wide Financial Statements

The government-wide financial statements represent short-term and long-term information about the School's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of Net Position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net position provides information about the government's financial position, its assets, liabilities, and net position using an economic resources measurement focus. The statement of activities presents information about the change in the School's net position and the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the School's financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

SOUTH TECH PREPARATORY ACADEMY, INC.

A Charter School Sponsored by the District School Board of Palm Beach County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide financial statements.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund financial statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund financial statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates the following funds: a General Fund to account for its general operations; a Capital Projects Fund to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays; and a Special Revenue Fund to account for Federal grant programs. The School has elected to report all funds as major funds.

The School adopts annual budgets for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund and Special Revenue Fund to demonstrate compliance with the budgets.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

SOUTH TECH PREPARATORY ACADEMY, INC.
A Charter School Sponsored by the District School Board of Palm Beach County, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the School's current year and prior year net position:

	Net Position, End of Year		
	Governmental Activities		Increase (Decrease)
	6-30-25	6-30-26	
ASSETS			
Current and Other Assets	\$ 6,689,684	\$ 8,195,487	\$ 1,505,803
Capital Assets, Net	7,090,237	7,087,369	(2,868)
Total Assets	13,779,921	15,282,856	1,502,935
Deferred Outflows of Resources	606,051	489,615	(116,436)
Total Deferred Outflow Related to Pensions	606,051	489,615	(116,436)
LIABILITIES			
Current Liabilities	265,838	282,507	16,669
Noncurrent Liabilities	8,852,872	8,313,916	(538,956)
Total Liabilities	9,118,710	8,596,423	(522,287)
Deferred Inflows of Resources	344,644	487,862	143,218
Total Deferred Inflow Related to Pensions	344,644	487,862	143,218
NET POSITION			
Net Investment in Capital Assets	245,769	343,883	98,114
Restricted	25,874	550,122	524,248
Unrestricted	4,650,975	5,794,181	1,143,206
Total Net Position	\$ 4,922,618	\$ 6,688,186	\$ 1,765,568

Current assets consist primarily of cash & cash equivalents and investments (96%). The School's liabilities are primarily comprised of a long-term lease liability (78%) and a net pension liability (18%). Deferred outflows and inflows and the associated net pension liability relate to the accounting for pensions related to the School's Florida Retirement System participation.

SOUTH TECH PREPARATORY ACADEMY, INC.

A Charter School Sponsored by the District School Board of Palm Beach County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

The following is a summary of the School's change in net position for the current and prior year:

	Operating Results for the Year		
	Governmental Activities		Increase (Decrease)
	6-30-25	6-30-26	
Revenues:			
Federal Through State and Local	\$ 922,067	\$ 582,709	\$ (339,358)
State	4,979,235	5,005,555	26,320
Local and Other	1,607,675	2,311,978	704,303
Total Revenues	7,508,977	7,900,242	391,265
Expenses:			
Instruction	2,775,325	2,848,391	73,066
Student Support Services	333,689	245,618	(88,071)
Instruction & Curriculum Development	110,081	112,862	2,781
Instructional Staff Training	56,245	55,080	(1,165)
Instructional Related Technology	14,486	18,113	3,627
Board	25,196	27,609	2,413
General Administration	185,573	200,721	15,148
School Administration	616,555	538,512	(78,043)
Fiscal Services	94,316	99,754	5,438
Central Services	96,864	109,413	12,549
Student Transportation	412,038	394,567	(17,471)
Operation of Plant	375,629	643,925	268,296
Maintenance of Plant	22,459	24,880	2,421
Administrative Technology Services	91,526	93,183	1,657
Community Service	156,242	160,208	3,966
Debt Service - Interest	316,113	320,505	4,392
Unallocated Depreciation/Amortization	298,676	241,333	(57,343)
Total Expenses	5,981,013	6,134,674	153,661
Increase/(Decrease) in Net Position	\$ 1,527,964	\$ 1,765,568	\$ 237,604

The largest revenue source for the School is the State of Florida (63%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula and Charter School Capital Outlay funds. Both sources utilize student enrollment data to determine the funds available for the School. The largest concentration of expenses was for Instruction-related functions which comprised 53% of total expenses.

SOUTH TECH PREPARATORY ACADEMY, INC.

A Charter School Sponsored by the District School Board of Palm Beach County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of \$7,912,980.

BUDGETARY HIGHLIGHTS

The general and special revenue fund budgets for the fiscal year ended June 30, 2026, were developed based on the School's anticipated revenues and expenditures, the expected student population, and Federal grant programs for the school year. Over the course of the year, the School revised the budgets as needed. For the fiscal year ended June 30, 2026, the actual expenditures were equal to the final budgets. Refer to the Budgetary Comparison Schedule for additional information.

CAPITAL ASSETS

The School's investment in capital assets for its governmental activities as of June 30, 2026, amounts to \$7,087,369 (net of accumulated depreciation/amortization). This investment in capital assets includes leasehold improvements, furniture, fixtures, and equipment, motor vehicles, and leased asset – building. Additional information regarding the School's capital assets can be found in the notes to the financial statements.

DEBT ADMINISTRATION

At the end of the current fiscal year, the School had total debt outstanding of \$6,743,486 related to a long-term lease payable, \$1,518,979 related to pension liability, and \$51,451 related to compensated absences. Additional information regarding the School's long-term debt is located in the notes to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of South Tech Preparatory Academy, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, South Tech Preparatory Academy, Inc.; 1325 Gateway Blvd., Boynton Beach, FL 33426.

SOUTH TECH PREPARATORY ACADEMY, INC.
A CHARTER SCHOOL SPONSORED BY THE
DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

STATEMENT OF NET POSITION

June 30, 2026

	Government Activities
ASSETS	
Cash & Cash Equivalents	\$ 6,022,668
Due From Other Agencies	196,581
Accounts Receivable	34,919
Prepaid Items & Deposits	105,953
Investments	1,835,366
Capital Assets:	
Leasehold Improvements, Net	587,911
Leased Asset - Buildings	6,332,726
Furniture, Fixtures, and Equipment, Net	24,702
Motor Vehicles, Net	142,030
Total Capital Assets	<u>7,087,369</u>
TOTAL ASSETS	<u>15,282,856</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow Related to Pensions	489,615
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>489,615</u>
LIABILITIES	
Salaries and Benefits Payable	194,115
Accounts Payable	88,392
Noncurrent Liabilities:	
Due Within One Year:	
Long-term Lease Payable	106,147
Due After One Year:	
Compensated Absences Payable	51,451
Long-term Lease Payable	6,637,339
Net Pension Liability	1,518,979
TOTAL LIABILITIES	<u>8,596,423</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow Related to Pensions	487,862
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>487,862</u>
NET POSITION	
Net Investment in Capital Assets	343,883
Restricted for Capital Projects	550,122
Unrestricted	5,794,181
TOTAL NET POSITION	<u><u>\$ 6,688,186</u></u>

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

SOUTH TECH PREPARATORY ACADEMY, INC.
A CHARTER SCHOOL SPONSORED BY THE
DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2026

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 2,848,391	\$ -	\$ 368,253	\$ -	\$ (2,480,138)
Student Support Services	245,618	-	67,981	-	(177,637)
Instruction & Curriculum Development	112,862		112,862		-
Instructional Staff Training	55,080	-	23,312	-	(31,768)
Instructional Related Technology	18,113	-	-	-	(18,113)
Board	27,609	-	-	-	(27,609)
General Administration	200,721		64		(200,657)
School Administration	538,512	-	-	-	(538,512)
Fiscal Services	99,754	-	-	-	(99,754)
Central Services	109,413		4,099		(105,314)
Student Transportation	394,567		-		(394,567)
Operation of Plant	643,925	-	6,138	-	(637,787)
Maintenance of Plant	24,880	-	-	-	(24,880)
Administrative Technology Services	93,183		-		(93,183)
Community Service	160,208	163,053	-	-	2,845
Debt Service - Interest	320,505	-	-	-	(320,505)
Unallocated Depreciation/Amortization	241,333	-	-	-	(241,333)
Total Governmental Activities	<u>\$ 6,134,674</u>	<u>\$ 163,053</u>	<u>\$ 582,709</u>	<u>\$ -</u>	<u>(5,388,912)</u>
General Revenue					
State Sources					5,005,555
Local and Other					2,148,925
Total General Revenues					<u>7,154,480</u>
Change in Net Position					1,765,568
Net Position - July 1, 2025					4,922,618
Net Position - June 30, 2026					<u>\$ 6,688,186</u>

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

SOUTH TECH PREPARATORY ACADEMY, INC.
A CHARTER SCHOOL SPONSORED BY THE
DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2026

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash & Cash Equivalents	\$ 5,582,229	\$ -	\$ 440,439	\$ 6,022,668
Due From Other Agencies	201	-	196,380	196,581
Accounts Receivable	34,919	-	-	34,919
Prepaid Items & Deposits	105,953	-	-	105,953
Investments	1,835,366	-	-	1,835,366
Total Assets	<u>\$ 7,558,668</u>	<u>\$ -</u>	<u>\$ 636,819</u>	<u>\$ 8,195,487</u>
LIABILITIES				
Salaries and Benefits Payable	\$ 194,115	\$ -	\$ -	\$ 194,115
Accounts Payable	88,392	-	-	88,392
Due to Other Funds	(86,697)	-	86,697	-
Total Liabilities	<u>195,810</u>	<u>-</u>	<u>86,697</u>	<u>282,507</u>
FUND BALANCES				
Nonspendable	105,953	-	-	105,953
Restricted for Capital Projects	-	-	550,122	550,122
Assigned - Student Activities	180,956	-	-	180,956
Unassigned	7,075,949	-	-	7,075,949
Total Fund Balances	<u>7,362,858</u>	<u>-</u>	<u>550,122</u>	<u>7,912,980</u>
Total Liabilities and Fund Balances	<u>\$ 7,558,668</u>	<u>\$ -</u>	<u>\$ 636,819</u>	<u>\$ 8,195,487</u>

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

SOUTH TECH PREPARATORY ACADEMY, INC.
A CHARTER SCHOOL SPONSORED BY THE
DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

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

June 30, 2026

Total Fund Balances - Governmental Funds	\$ 7,912,980
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation/amortization, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.	7,087,369
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Deferred Outflows and Inflows of resources are not available in the current period and not reported in the governmental funds.

Deferred Outflows	489,615	
Deferred Inflows	<u>(487,862)</u>	1,753

Long-term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.

Compensated Absences Payable	(51,451)	
Long-term Lease Payable	(6,743,486)	
Net Pension Liability	<u>(1,518,979)</u>	<u>(8,313,916)</u>

Total Net Position - Governmental Activities	\$ <u>6,688,186</u>
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The accompanying notes to financial statements are an integral part of this statement.

SOUTH TECH PREPARATORY ACADEMY, INC.
A CHARTER SCHOOL SPONSORED BY THE
DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

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

For the Fiscal Year Ended June 30, 2026

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Intergovernmental:				
Federal Through State and Local	\$ -	\$ 582,709	\$ -	\$ 582,709
State	4,654,302	-	351,253	5,005,555
Local and Other	1,453,158	-	858,820	2,311,978
Total Revenues	<u>6,107,460</u>	<u>582,709</u>	<u>1,210,073</u>	<u>7,900,242</u>
Expenditures				
Current - Education:				
Instruction	2,658,459	368,253	-	3,026,712
Student Support Services	177,637	67,981	-	245,618
Instruction & Curriculum Development	-	112,862	-	112,862
Instructional Staff Training	31,768	23,312	-	55,080
Instructional Related Technology	18,113	-	-	18,113
Board	27,609	-	-	27,609
General Administration	200,657	64	-	200,721
School Administration	538,512	-	-	538,512
Fiscal Services	99,754	-	-	99,754
Central Services	105,314	4,099	-	109,413
Student Transportation	394,567	-	-	394,567
Operation of Plant	637,787	6,138	-	643,925
Maintenance of Plant	24,880	-	-	24,880
Administrative Technology Services	93,183	-	-	93,183
Community Service	160,208	-	-	160,208
Fixed Capital Outlay:				
Facilities Acquisition & Construction	-	-	188,205	188,205
Other Capital Outlay	-	-	50,260	50,260
Debt Service:				
Principal	100,981	-	-	100,981
Interest	320,505	-	-	320,505
Total Expenditures	<u>5,589,934</u>	<u>582,709</u>	<u>238,465</u>	<u>6,411,108</u>
Excess/(Deficiency) of Revenues				
Over Expenditures	<u>517,526</u>	<u>-</u>	<u>971,608</u>	<u>1,489,134</u>
Other Financing Sources (Uses):				
Transfers In/(Out)	<u>421,486</u>	<u>-</u>	<u>(421,486)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>421,486</u>	<u>-</u>	<u>(421,486)</u>	<u>-</u>
Net Change in Fund Balances	939,012	-	550,122	1,489,134
Fund Balances, July 1, 2025	6,423,846	-	-	6,423,846
Fund Balances, June 30, 2026	<u>\$ 7,362,858</u>	<u>\$ -</u>	<u>\$ 550,122</u>	<u>\$ 7,912,980</u>

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

SOUTH TECH PREPARATORY ACADEMY, INC.
A CHARTER SCHOOL SPONSORED BY THE
DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES**
For the Fiscal Year Ended June 30, 2026

Net Change in Fund Balances - Governmental Funds	\$ 1,489,134
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlays	238,465	
Depreciation/Amortization Expense	(241,333)	(2,868)

The repayment of principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.

100,981

Net effect of various transactions in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds:

Pension Expense (calculated for net pension liability)		(74,365)
Pension contributions made subsequent to the pension liability measurement date of 6/30/25		235,463

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the fiscal year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences earned in excess of the amount paid in the current fiscal year.

17,223

Change in Net Position - Governmental Activities	\$ 1,765,568
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The accompanying notes to the financial statements are an integral part of this statement.

SOUTH TECH PREPARATORY ACADEMY, INC.

A Charter School Sponsored by the District School Board of Palm Beach County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ Reporting Entity

South Tech Preparatory Academy, Inc. ("School"), is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not less than three members.

The School commenced operations in July 2013 and offers classes from grades 6 through 8 in the City of Boynton Beach Florida. 527 students were enrolled in classes during the 2024-25 school year.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the Palm Beach County School Board, Florida, ("District"). The current charter is effective until June 30, 2029, and is subject to annual review and may be renewed by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

Basis of Presentation

Government-wide Financial Statements: Government-wide financial statements, including the statement of Net Position and the statement of activities, present information about the School as a whole. These statements include the non-fiduciary financial activity of the School.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

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Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements: Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental funds are as follows:

- General Fund: To account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund: Used to account for Federal grant programs.
- Capital Projects Fund – to account for all resources for the acquisition of capital and related items purchased by the School with capital outlay funds.

➤ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become 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. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability

SOUTH TECH PREPARATORY ACADEMY, INC.

A Charter School Sponsored by the District School Board of Palm Beach County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2026

is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation/amortization, are not recognized in governmental funds.

➤ **Budgets**

The School legally adopted budgets for the General Fund and Special Revenue – Grants Fund by function for the year ended June 30, 2026. The budgets have been prepared in accordance with accounting principles generally accepted in the United States of America. A comparison of the actual results of operations to final budgeted amounts for these funds is presented as required supplementary information.

➤ **Cash and Cash Equivalents**

Cash deposits consist of demand deposits at local financial institutions. Cash equivalents are highly liquid short-term investments with remaining maturities at the purchase date of three months or less. Deposits on hand at the School's bank accounts are insured by the Federal Deposit Insurance Company up to \$250,000. All deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

➤ **Investments**

The School has adopted an Investment Policy in order to set forth the objectives and parameters for the management of the investment funds of the School. This Policy is designed to ensure the prudent management of public funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices.

Authorized Investments per the Investment policy are as follows:

- **United States Government Securities:** negotiable direct obligations, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government, including Cash Management Bills; State and Local Government Series ("SLGS"); Treasury Bills; Treasury Notes; Treasury Bonds; and Treasury Strips.
- **United States Government Agency Securities** (full faith and credit): bonds, debentures or notes issued or guaranteed by United States Government agencies, provided such obligations are backed by the full faith and credit of the United States Government.
- **Negotiable or non-negotiable Interest-Bearing Time Certificates of Deposit** - only to the extent fully insured by the FDIC

SOUTH TECH PREPARATORY ACADEMY, INC.

A Charter School Sponsored by the District School Board of Palm Beach County, Florida

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June 30, 2026

- **Federal Instrumentalities** (U.S. Government sponsored agencies which are non-full faith and credit): bonds, debentures or notes issued or guaranteed by U.S. Government sponsored agencies.
- **Repurchase Agreements:** only with "Primary Securities Dealers" as identified by the Federal Reserve Bank of New York.
- **Commercial Paper:** U.S.-based companies that are rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's.
- **Bankers' Acceptances:** Issued by a U.S. bank which has, at the time of purchase, (i) an unsecured, uninsured, and unguaranteed obligation rating of at least "Prime-1" by Moody's or "A-1" by Standard & Poor's.
- **State and/or Local Government Taxable and/or Tax-Exempt Debt:** general obligation and/or revenue bonds, rated at least "A" by Moody's or Standard & Poor's, if long-term debt, or if short-term debt, at least "MIG-2" by Moody's or "SP- 2" by Standard & Poor's.
- **Money Market Mutual Funds:** open-end and no-load money market funds, provided such funds (i) are registered under the Federal Investment Company Act of 1940
- **Promissory Notes of Florida Charter Schools:** promissory notes issued by Florida charter school operators with currently operating charter schools in good standing, none of which have been identified as having a deteriorating financial condition or financial emergency pursuant to § 1002.345, FL Statutes.
- **Real Estate:** the acquisition, construction, and/or improvement of real property located in the State of Florida for an educational purpose or a purpose that otherwise aligns with SouthTech's tax-exempt purpose.

Investments are carried at fair value. The basis of determining the fair value of investments is the readily determinable sales price or current exchange rate of the investments based on prices or quotations for over-the-counter markets such as the New York Stock Exchange (NYSE) or the National Association of Securities Dealers Automated Quotations (NASDAQ). The net change in fair value of investments consists of both realized and unrealized gain and loss on investments. Gains or losses on the sale of components within any investment pool resulting from investment management decisions are attributed to the pool.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$1,000. Such

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assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

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

<u>Description</u>	<u>Estimated Lives</u>
Leasehold Improvements	10 years
Furniture, Fixtures and Equipment	3-5 years
Leased Asset - Buildings	40 years

➤ **Pensions**

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

The School's retirement plans and related amounts are described in a subsequent note.

➤ **Noncurrent Liabilities**

Long-term obligations that will be financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund.

In the government-wide financial statements, compensated absences for unused vacation or sick leave are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments.

Current-year information relative to changes in long-term debt is described in subsequent notes.

➤ **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that

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NOTES TO FINANCIAL STATEMENTS

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applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then.

➤ **Net Position and Fund Balance Classification**

Government-wide Financial Statements

Net Position are classified and reported in three components:

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

Fund Financial Statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

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June 30, 2026

➤ **Order of Fund Balance Spending Policy**

The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

➤ **Revenue Sources**

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students (FTE) and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplies by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2026, the School reported 527.60 unweighted FTE and 530.75 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).

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June 30, 2026

- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

The School receives Federal or state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For Federal or state 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.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. The School also receives funding through donations and fundraising efforts, school lunch sales, and local property tax collections.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

➤ **Income Taxes**

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management determined there are no subsequent events which require disclosure.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2026

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

In accordance with GASB Statement No. 40, Deposits and Investment Risk Disclosure, (GASB 40) the School's investments are reported by investment type at fair value in the table below. GASB 40 also requires disclosure of various types of investment risk based on the type of investment, as well as, stated policies adopted by the School to manage the risk.

The School's cash, cash equivalents, and investments consist of the following as of June 30, 2026:

	<u>June 30, 2026</u>
Cash and Cash Equivalents:	
Petty Cash	\$ 9
Commercial banks	194,215
Money Market Checking Accounts	<u>5,828,444</u>
Total Cash and Cash Equivalents:	<u>\$ 6,022,668</u>
Investments:	
Real Estate	\$ 1,800,000
Promissory Notes of Florida Charter School	<u>35,366</u>
Total Investments	<u>\$ 1,835,366</u>

Fair Value Measurement

Generally accepted accounting principles in the United States of America establishes a hierarchy for which assets and liabilities must be grouped, based on significant levels of inputs (assumptions that market participants would use in pricing and asset or liability) as follows:

- Level 1 Input Valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume);
- Level 2 Input Valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market; and
- Level 3 Input Valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on School-specific data.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2026

Investments at fair value, as of June 30, 2026, are classified as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Debt Securities:				
Real Estate	\$ 1,800,000	\$ -	\$ -	\$ 1,800,000
Promissory Notes of Florida Charter School	35,366		-	35,366
Total Debt Securities	<u>\$ 1,835,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,835,366</u>

There are many factors that can affect the value of investments. Some, such as custodial risk, concentration of credit risk, and foreign currency risk may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates. The School has adopted a written investment policy to provide the basis for the management of a prudent investment program appropriate to the particular fund type.

Interest Rate Risk

Interest rate risk refers to the possibility that the value of fixed-income securities will decrease as interest rates rise. Fixed-income securities with longer maturities are usually more sensitive to changes in interest rates and, consequently, tend to be more volatile than those with shorter maturities.

The School's investment policy stipulates that fixed income securities must have a rating of Prime-1 or higher from Moody's, or A-1 or higher from Standard and Poor's.

Credit Risk

Fixed income securities carry credit risk, which is the risk that a bond issuer might fail to make timely interest or principal payments. Additionally, negative perceptions regarding the issuer's ability to meet these obligations can lead to a decline in bond prices. Various factors can contribute to this risk, including financial instability, bankruptcy, litigation, or adverse political events.

The credit quality of a bond reflects the issuer's ability to pay interest and, ultimately, to repay the principal. This quality is assessed by independent bond rating agencies, such as Moody's Investor Service or Standard & Poor's. Generally, a lower bond rating indicates a higher probability of default or failure to meet payment obligations. Consequently, bonds with lower credit ratings typically offer higher yields to compensate investors for the additional risk.

Certain fixed income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, have little or no credit risk. The School maintains policies to manage credit risk, which include requiring minimum credit ratings issued by nationally recognized rating organizations.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss associated with a lack of diversification of having too much invested in a few individual issuers, thereby exposing the School to

SOUTH TECH PREPARATORY ACADEMY, INC.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2026

greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. Securities issued or explicitly guaranteed by the U.S. government, Fannie Mae and government agencies are not considered by management to be a concentration of credit risk. The School's investment policy limits the amount of investment types.

From time to time, the School holds deposits in excess of the amount insured by the Federal Insurance Corporation. Management believes that the risk of loss on these deposits is remote.

Custodial Credit Risk

The custodial risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the School, and are held by either: the counterparty or the counterparty's trust department or agent but not in the School's name.

The School's investment policy states that custodial credit risk for deposits will be mitigated by limiting deposits to the amount insured by FDIC per banking institutions. In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000. As of June 30, 2026, the School was exposed to custodial credit risk. Two of the School's bank accounts exceeded the FDIC insurance limit by \$263,546 and \$5,064,898.

Custodial credit risk for investments will be mitigated by prohibiting as investments those securities that are not eligible for Depository Trust Corporation (DTC) holdings.

Foreign Currency Risk

Foreign currency risk is the possibility that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect a deposit or investment's fair value. The School's investment policy limits foreign investments to 15% of the manager's portfolio and prohibits the use of non-Depository Trust Corporation (DTC) eligible securities. As of June 30, 2026, the School's portfolio does not hold any foreign bonds.

3. DUE FROM OTHER AGENCIES

The amount Due From Other Agencies included in the accompanying statement of net position and balance sheet – governmental funds consists of \$196,380 for amounts due from the District for Charter School Capital Outlay funds and Sales Surtax funds and \$201 for funds awaiting disbursement reported in the General Fund.

4. ACCOUNTS PAYABLE – RELATED PARTY

Included in the accounts payable reported in the accompanying statement of net position and balance sheet – governmental funds consists of \$34,919 for expenses paid by South Tech Academy, a charter school and related party through common control, on behalf of the School. This amount is expected to be repaid in the next fiscal year.

SOUTH TECH PREPARATORY ACADEMY, INC.

A Charter School Sponsored by the District School Board of Palm Beach County, Florida

NOTES TO FINANCIAL STATEMENTS**June 30, 2026****5. CHANGES IN CAPITAL ASSETS**

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets:				
Leasehold Improvements	\$ 720,374	\$ 50,260	\$ -	\$ 770,634
Furniture, Fixtures and Equipment	381,914	22,503	(17,444)	386,973
Motor Vehicles	-	165,702	-	165,702
Leased Asset - Buildings	7,291,535	-	-	7,291,535
Total Capital Assets	<u>8,393,823</u>	<u>238,465</u>	<u>(17,444)</u>	<u>8,614,844</u>
Less Accumulated Depreciation/Amortization for:				
Leasehold Improvements	(105,660)	(77,063)	-	(182,723)
Furniture, Fixtures and Equipment	(340,098)	(39,617)	17,444	(362,271)
Motor Vehicles	-	(23,672)	-	(23,672)
Leased Asset - Buildings	<u>(857,828)</u>	<u>(100,981)</u>	<u>-</u>	<u>(958,809)</u>
Total Accumulated Depreciation/Amortization	<u>(1,303,586)</u>	<u>(241,333)</u>	<u>17,444</u>	<u>(1,527,475)</u>
Governmental Activities Capital Assets, net	<u>\$ 7,090,237</u>	<u>\$ (2,868)</u>	<u>\$ -</u>	<u>\$ 7,087,369</u>

All depreciation/amortization expense was shown as unallocated on the Statement of Activities.

6. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in the School's long-term liabilities:

	Beginning Balance	Additions	Deductions	Ending Balance	Due in One Year
GOVERNMENTAL ACTIVITIES:					
Compensated Absences Payable	\$ 68,674	\$ (17,223)	\$ -	\$ 51,451	\$ -
Long-term Lease Payable	6,844,467	-	(100,981)	6,743,486	106,147
Net Pension Liability	<u>1,939,730</u>	<u>(420,751)</u>	<u>-</u>	<u>1,518,979</u>	<u>-</u>
Total Governmental Activities	<u>\$ 8,852,871</u>	<u>\$ (437,974)</u>	<u>\$ (100,981)</u>	<u>\$ 8,313,916</u>	<u>\$ 106,147</u>

7. LEASE PAYABLE

Previously, the School entered into a lease agreement with South Tech Holdings, LLC ("STH"), an entity whose sole-member is South Tech Charter Academy, Inc. the school's charter -holder, for the rental of its facility through June 2055. The School has imputed interest on this lease at 5.00%, based primarily on the long-term bond rate STH incurred to purchase the facility. In addition to regular lease payments, the School pays common area maintenance amounts monthly, which are not included in the lease's measurement

SOUTH TECH PREPARATORY ACADEMY, INC.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2026

since these amounts are adjusted annually. At June 30, 2026, the outstanding balance of this lease amounted to \$6,734,486.

The lease agreement details events of default, mainly failure to pay, remain solvent, or abandonment of the premises. Upon event of default, STA may demand payment for amounts outstanding or terminate the School's lease with proper notice.

Future minimum payments under this lease at June 30, 2026, are as follows:

Fiscal Year				
Ending June 30	Total	Principal	Interest	
2027	\$ 440,911	\$ 106,147	\$ 334,764	
2028	440,911	111,578	329,333	
2029	440,911	117,286	323,625	
2030	440,911	123,287	317,624	
2031	440,911	129,595	311,316	
2032-36	2,204,555	754,478	1,450,077	
2037-41	2,204,555	968,266	1,236,289	
2042-46	2,204,554	1,242,632	961,922	
2047-51	2,204,555	1,594,743	609,812	
2052-55	1,763,643	1,595,474	168,169	
Total	<u>\$12,786,417</u>	<u>\$ 6,743,486</u>	<u>\$ 6,042,931</u>	

8. FLORIDA RETIREMENT SYSTEM (FRS) – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

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

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

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actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

The School's FRS and HIS pension expense totaled \$74,365 for the fiscal year ended June 30, 2026.

FRS Pension Plan

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

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

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

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

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

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

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	14.03
FRS, Reemployed Retiree	(2)	(2)

Notes: (1) Employer rates include 2.00 percent for the postemployment health insurance subsidy and the assessment of 0.06 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The School's contributions to the Plan totaled \$188,148 for the fiscal year ended June 30, 2026.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2026, the School reported a liability of \$868,639 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 an actuarial valuation as of July 1, 2025. The School's proportionate share of the net pension liability was based on the School's 2024-25 fiscal year contributions relative to the total 2024-25 fiscal year contributions of all participating members. At June 30, 2025, the School's proportionate share was 0.002798891 percent,

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which was a decrease of 0.000197752 from its proportionate share measured as of June 30, 2024.

For the fiscal year ended June 30, 2026, the School recognized pension expense of \$65,697. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 92,780	\$ -
Change of assumptions	100,871	-
Net difference between projected and actual earnings on FRS Plan investments	-	145,027
Changes in proportion and differences between School FRS contributions and proportionate share of contributions	29,225	131,918
School FRS contributions subsequent to the measurement date	188,148	-
	<u>\$ 411,024</u>	<u>\$ 276,945</u>

The deferred outflows of resources related to pensions totaling \$188,148, resulting from School contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2026	\$ 140,767
2027	(25,011)
2028	(31,832)
2029	(29,704)
2030	-
Thereafter	-

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

Inflation	2.40 percent
Salary increases	3.50 percent, average, including inflation
Investment rate of return	6.70 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2021.

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The actuarial assumptions used in the July 1, 2025, valuation were based on the results of an actuarial experience study for the period July 1, 2019, through June 30, 2024.

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.2%	3.2%	1.1%
Fixed Income	29.0%	5.5%	5.4%	4.0%
Global Equity	45.0%	8.5%	6.9%	18.3%
Real Estate (Property)	12.0%	8.4%	7.1%	16.8%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.5%	6.1%	8.7%
Total	100%			
Assumed inflation - Mean			2.4%	1.5%

Note: (1) As outlined in the Plan's investment policy.

Discount Rate. The discount rate used to measure the total pension liability was 6.7 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2025 valuation remained 6.7 percent.

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

	<u>1% Decrease (5.7%)</u>	<u>Current Discount Rate (6.7%)</u>	<u>1% Increase (7.7%)</u>
School's proportionate share of the net pension liability	\$ 1,704,691	\$ 868,639	\$ 167,705

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

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HIS Pension Plan

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

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

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2026, the contribution rate was 2.00 percent of payroll pursuant to Section 112.363, Florida Statutes. The School contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The School's contributions to the HIS Plan totaled \$47,315 for the fiscal year ended June 30, 2026.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2026, the School reported a net pension liability of \$650,340 for its proportionate share of the net pension liability. The current portion of the net pension liability is the School's proportionate share of benefit payments expected to be paid within one year, net of the School's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The School's proportionate share of the net pension liability was based on the School's 2024-25 fiscal year contributions relative to the total 2024-25 fiscal year contributions of all participating members. At June 30, 2025, the School's proportionate share was 0.005073867 percent, which was a decrease of 0.000129048 from its proportionate share measured as of June 30, 2025.

For the fiscal year ended June 30, 2026, the School recognized pension expense of \$8,668. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,882	\$ 1,032
Change of assumptions	5,756	157,301
Net difference between projected and actual earnings on FRS Plan investments	-	541
Changes in proportion and differences between School FRS contributions and proportionate share of contributions	21,638	52,043
School FRS contributions subsequent to the measurement date	47,315	-
	<u>\$ 78,591</u>	<u>\$ 210,917</u>

The deferred outflows of resources totaling \$47,315, resulting from School contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2026	\$ (32,921)
2027	(39,415)
2028	(33,185)
2029	(26,594)
2030	(17,120)
Thereafter	-

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

Inflation	2.40 percent
Salary increases	3.50 percent, average, including inflation
Municipal bond rate	3.93 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2021.

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

Discount Rate. The discount rate used to measure the total pension liability was 5.20 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially

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funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 3.93 percent to 5.20 percent.

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

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
School's proportionate share of the net pension liability	\$ 733,363	\$ 650,340	\$ 580,710

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

9. FLORIDA RETIREMENT SYSTEM (FRS) – Defined Contribution Pension Plans

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. School employees already participating in the State School System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2025-26 fiscal year were as follows:

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<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	8.30

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5 year period, the employee will regain control over their account. If the employee does not return within the 5 year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2026, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the School.

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

The School's Investment Plan pension expense totaled \$147,720 for the fiscal year ended June 30, 2026.

10. RESTRICTED FUND BALANCE & NET POSITION

The School has reported a restricted net position and capital projects fund balance to restrict those funds that remain unspent at June 30, 2026, from proceeds of the Palm Beach County's tax referendums.

11. RISK MANAGEMENT PROGRAMS

The 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 School carries commercial insurance. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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12. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the School's State revenue:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 4,106,251
Categorical Programs:	
Class Size Reduction	497,952
School Recognition	44,349
Charter School Capital Outlay	351,253
Miscellaneous	<u>5,750</u>
Total State Revenue	<u>\$ 5,005,555</u>

As provided in the charter school contract, the District has charged the School an administrative fee totaling \$42,255.

13. FUNDING AND CREDIT CONCENTRATIONS

The School receives substantially all of its support and revenue from Federal, state and local funding sources, passed through the District, in the form of performance and budget-based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

14. COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivables at June 30, 2026, may be impaired.

In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

15. LEGAL MATTERS

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. The School has no legal actions or pending proceedings in progress.

SOUTH TECH PREPARATORY ACADEMY, INC.
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REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND & MAJOR SPECIAL REVENUE FUND (UNAUDITED)
For the Fiscal Year Ended June 30, 2026

	General Fund					Major Special Revenue Fund				
	Original Budget	Final Budget	Variance with Original Budget - over/(under) Final Budget	Actual	Variance with Final Budget - over/(under) Actual	Original Budget	Final Budget	Variance with Original Budget - over/(under) Final Budget	Actual	Variance with Final Budget - over/(under) Actual
Revenues:										
Intergovernmental:										
Federal Through State and Local	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
State	4,655,953	4,654,302	(1,651)	4,654,302	-	-	-	-	-	-
Local and Other	1,163,894	1,453,158	289,264	1,453,158	-	-	-	-	-	-
Total Revenues	<u>5,819,847</u>	<u>6,107,460</u>	<u>287,613</u>	<u>6,107,460</u>	<u>-</u>	<u>544,724</u>	<u>582,709</u>	<u>37,985</u>	<u>582,709</u>	<u>-</u>
Expenditures:										
Current - Education:										
Instruction	2,571,717	2,658,459	(86,742)	2,658,459	-	286,724	368,253	(81,529)	368,253	-
Student Support Services	288,902	177,637	111,265	177,637	-	125,000	67,981	57,019	67,981	-
Instruction & Curriculum Development	-	-	-	-	-	100,000	112,862	(12,862)	112,862	-
Instructional Staff Training	32,791	31,768	1,023	31,768	-	20,000	23,312	(3,312)	23,312	-
Instructional Related Technology	14,292	18,113	(3,821)	18,113	-	-	-	-	-	-
Board	33,820	27,609	6,211	27,609	-	-	-	-	-	-
General Administration	179,317	200,657	(21,340)	200,657	-	-	64	(64)	64	-
School Administration	651,163	538,512	112,651	538,512	-	-	-	-	-	-
Facilities Acquisition & Construction	7,500	-	7,500	-	-	-	-	-	-	-
Fiscal Services	92,769	99,754	(6,985)	99,754	-	-	-	-	-	-
Central Services	105,036	105,314	(278)	105,314	-	-	4,099	(4,099)	4,099	-
Student Transportation	508,815	394,567	114,248	394,567	-	-	-	-	-	-
Operation of Plant	536,693	637,787	(101,094)	637,787	-	13,000	6,138	6,862	6,138	-
Maintenance of Plant	32,200	24,880	7,320	24,880	-	-	-	-	-	-
Administrative Technology Services	93,556	93,183	373	93,183	-	-	-	-	-	-
Community Service	160,000	160,208	(208)	160,208	-	-	-	-	-	-
Debt Service:										
Principal	100,000	100,981	(981)	100,981	-	-	-	-	-	-
Interest	345,000	320,505	24,495	320,505	-	-	-	-	-	-
Total Expenditures	<u>5,753,571</u>	<u>5,589,934</u>	<u>163,637</u>	<u>5,589,934</u>	<u>-</u>	<u>544,724</u>	<u>582,709</u>	<u>(37,985)</u>	<u>582,709</u>	<u>-</u>
Excess (Deficiency) of Revenues										
Over Expenditures	<u>66,276</u>	<u>517,526</u>	<u>123,976</u>	<u>517,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):										
Transfers In/(Out)	<u>-</u>	<u>421,486</u>	<u>(421,486)</u>	<u>421,486</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>421,486</u>	<u>(421,486)</u>	<u>421,486</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>66,276</u>	<u>939,012</u>	<u>(872,736)</u>	<u>939,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, July 1, 2025	<u>6,423,846</u>	<u>6,423,846</u>	<u>-</u>	<u>6,423,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30, 2026	<u>\$ 6,490,122</u>	<u>\$ 7,362,858</u>	<u>\$ (872,736)</u>	<u>\$ 7,362,858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report.

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Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System

<u>Fiscal Year Ending June 30:</u>	<u>Proportion of the net pension liability/(asset)</u>	<u>Proportionate share of the net pension liability/(asset)</u>	<u>Covered-employee payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2025	0.002798891%	\$ 868,639	\$ 1,191,386	73%	87.26%
2024	0.002996643%	\$ 1,159,242	\$ 1,728,436	67%	83.70%
2023	0.003270120%	\$ 1,303,041	\$ 1,360,574	96%	82.38%
2022	0.003572120%	\$ 1,329,114	\$ 1,408,990	94%	82.89%
2021	0.000121540%	\$ 9,181	\$ 781,688	1%	96.40%
2020	0.002086180%	\$ 914,604	\$ 741,156	123%	78.85%
2019	0.002196620%	\$ 767,791	\$ 1,900,090	40%	82.61%
2018	0.001757870%	\$ 527,674	\$ 1,720,201	31%	84.26%
2017	0.001659450%	\$ 490,855	\$ 1,732,814	28%	83.89%
2016	0.001436200%	\$ 362,654	\$ 1,249,889	29%	84.88%

See Independent Auditor's Report.

SOUTH TECH PREPARATORY ACADEMY, INC.
A CHARTER SCHOOL SPONSORED BY THE
DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

Schedule of Contributions
Florida Retirement System

<u>Fiscal Year Ending June 30:</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency/(excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2026	\$ 188,148	\$ (188,148)	\$ -	\$ 1,312,340	14.34%
2025	\$ 167,113	\$ (167,113)	\$ -	\$ 1,191,386	14.03%
2024	\$ 181,442	\$ (181,442)	\$ -	\$ 1,728,436	10.50%
2023	\$ 138,505	\$ (138,505)	\$ -	\$ 1,360,574	10.18%
2022	\$ 160,803	\$ (160,803)	\$ -	\$ 1,408,990	11.41%
2021	\$ 80,216	\$ (80,216)	\$ -	\$ 781,688	10.26%
2020	\$ 68,547	\$ (68,547)	\$ -	\$ 741,156	9.25%
2019	\$ 68,111	\$ (68,111)	\$ -	\$ 1,900,090	3.58%
2018	\$ 50,098	\$ (50,098)	\$ -	\$ 1,720,201	2.91%
2017	\$ 43,199	\$ (43,199)	\$ -	\$ 1,732,814	2.49%

See Independent Auditor's Report.

SOUTH TECH PREPARATORY ACADEMY, INC.
A CHARTER SCHOOL SPONSORED BY THE
DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

Schedule of Proportionate Share of Net Pension Liability
Health Insurance Subsidy Program

<u>Fiscal Year Ending June 30:</u>	<u>Proportion of the net pension liability/(asset)</u>	<u>Proportionate share of the net pension liability/(asset)</u>	<u>Covered-employee payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2025	0.005073867%	\$ 650,340	\$ 2,272,501	29%	6.36%
2024	0.005202915%	\$ 780,488	\$ 3,000,045	26%	4.80%
2023	0.007239720%	\$ 1,149,764	\$ 2,291,393	50%	4.12%
2022	0.006788950%	\$ 719,058	\$ 2,469,998	29%	4.81%
2021	0.000185960%	\$ 22,811	\$ 1,240,192	2%	3.56%
2020	0.003498520%	\$ 432,026	\$ 1,164,550	37%	3.00%
2019	0.003776790%	\$ 411,165	\$ 1,900,090	22%	2.63%
2018	0.003007670%	\$ 320,308	\$ 1,720,201	19%	2.15%
2017	0.002927620%	\$ 312,875	\$ 1,732,814	18%	1.64%
2016	0.267747000%	\$ 312,059	\$ 1,249,889	25%	0.97%

See Independent Auditor's Report.

SOUTH TECH PREPARATORY ACADEMY, INC.
A CHARTER SCHOOL SPONSORED BY THE
DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA

Schedule of Contributions
Health Insurance Subsidy Program

<u>Fiscal Year Ending June 30:</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency/(excess)</u>	<u>Covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2026	\$ 47,315	\$ (47,315)	\$ -	\$ 2,365,227	2.00%
2025	\$ 45,348	\$ (45,348)	\$ -	\$ 2,272,501	2.00%
2024	\$ 90,001	\$ (90,001)	\$ -	\$ 3,000,045	3.00%
2023	\$ 38,037	\$ (38,037)	\$ -	\$ 2,291,393	1.66%
2022	\$ 41,002	\$ (41,002)	\$ -	\$ 2,469,998	1.66%
2021	\$ 20,587	\$ (20,587)	\$ -	\$ 1,240,192	1.66%
2020	\$ 19,332	\$ (19,332)	\$ -	\$ 1,164,550	1.66%
2019	\$ 20,972	\$ (20,972)	\$ -	\$ 1,900,090	1.10%
2018	\$ 16,503	\$ (16,503)	\$ -	\$ 1,720,201	0.96%
2017	\$ 15,494	\$ (15,494)	\$ -	\$ 1,732,814	0.89%

See Independent Auditor's Report.

SOUTH TECH PREPARATORY ACADEMY, INC.

A Charter School Sponsored by the District School Board of Palm Beach County, Florida

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2026

1. BUDGETARY BASIS OF ACCOUNTING

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

2. SCHEDULE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS –FLORIDA RETIREMENT SYSTEM PENSION PLAN

Changes of Assumptions. The long-term expected rate of return remained at 6.7 percent.

3. SCHEDULE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS –HEALTH INSURANCE SUBSIDY PENSION PLAN

Changes of Assumptions. The municipal bond rate used to determine total pension liability was increased from 3.93 percent to 5.20 percent.

**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***

Independent Auditor's Report

To the Board of Directors of South Tech Preparatory Academy, Inc.,
a Charter School Sponsored by the
District School Board of Palm Beach County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of South Tech Preparatory Academy, Inc. ("School"), Sponsored by the District School Board of Palm Beach County, Florida, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 9, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

September 9, 2026
Tampa, Florida

**Management Letter as Required by Rules of the Florida Auditor General,
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors of South Tech Preparatory Academy, Inc.,
a Charter School Sponsored by the
District School Board of Palm Beach County, Florida

Report on the Financial Statements

We have audited the financial statements of the South Tech Preparatory Academy, Inc., ("School"), and a component unit of the District School Board of Palm Beach County, Florida, as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated September 9, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 9, 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 audit 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 of the entity are South Tech Preparatory Academy, Inc., 503441.

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires 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 District School Board of Palm Beach County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

September 9, 2026
Tampa, Florida