SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
D/B/A INNOVATION ACADEMY SRQ
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA)

BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
YEAR ENDED JUNE 30, 2026

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
D/B/A INNOVATION ACADEMY SRQ
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA)

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SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
D/B/A INNOVATION ACADEMY SRQ
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA)

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SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
D/B/A INNOVATION ACADEMY SRQ
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA)

SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2026

SCHOOL BOARD

Name	Position
Victoria Lillicrapp	President
Mariah Piper	Vice President
Rosalind Stevens Hill	Secretary
Isabelle Ball	Treasurer
Heather St. John	Director

ADMINISTRATION

Fayth Jenkins	:	Principal

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Suncoast School for Innovative Studies, Inc.
d/b/a Innovation Academy SRQ
Sarasota, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Suncoast School for Innovative Studies, Inc. d/b/a Innovation Academy SRQ as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Suncoast School for Innovative Studies, Inc. d/b/a Innovation Academy SRQ's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Suncoast School for Innovative Studies, Inc. d/b/a Innovation Academy SRQ, as of June 30, 2026, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Suncoast School for Innovative Studies, Inc. d/b/a Innovation Academy SRQ 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.

Emphasis of Matter — Change in Accounting Principle

As discussed in Note 1.O to the financial statements, the School adopted the provisions of GASB Statement No. 103, *Financial Reporting Model Improvements*, for the year ended June 30, 2026. Adoption affected the organization of management's discussion and analysis, the presentation of unusual or infrequent items, and the variance columns and explanations in the budgetary comparison schedules. It did not change beginning net position or beginning fund balances. Our opinions are not modified with respect to this matter.

Emphasis of Matter — Financial Condition
As discussed in Note 14 to the financial statements, the School reported a deficit net position at June 30, 2026, current liabilities in excess of current assets, and a deficit fund balance in the General Fund. During the year the School obtained short-term borrowings on more than one occasion to meet payroll obligations, and student membership of 77 unweighted full-time equivalent students per the 2025-26 Florida Education Finance Program fourth calculation compares with average daily enrollment of 98 students reported for the prior year. The School's results for the year include non-recurring insurance and employee retention credit proceeds of $893,353, without which the School would have reported an operating deficit of approximately $994,503. Management's plans in regard to these matters are also described in Note 14. Our opinions are not modified with respect to this matter.

Emphasis of Matter — Prior Period Adjustments
As discussed in Note 13 to the financial statements, beginning net position as of July 1, 2025 has been restated by $127,006 and beginning fund balance by $177,769 to correct errors relating to insurance proceeds recognized in the incorrect period, notes payable, deferred rent payable to the School's landlord, a security deposit, capital assets, compensated absences and the derecognition of a superseded facility lease. Our opinions are not modified with respect to this matter.

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 Suncoast School for Innovative Studies, Inc. d/b/a Innovation Academy SRQ’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Suncoast School for Innovative Studies, Inc. d/b/a Innovation Academy SRQ'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 Suncoast School for Innovative Studies, Inc. d/b/a Innovation Academy SRQ's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 10-16 and 43-45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2026, on our consideration of Suncoast School for Innovative Studies, Inc. d/b/a Innovation Academy SRQ'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 Suncoast School for Innovative Studies, Inc. d/b/a Innovation Academy SRQ'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 Suncoast School for Innovative Studies, Inc. d/b/a Innovation Academy SRQ's internal control over financial reporting and compliance.



Thomas & Company, CPA, PA
Cooper City, Florida
October 19, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
D/B/A INNOVATION ACADEMY SRQ
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2026

Our discussion and analysis of the Suncoast School for Innovative Studies, Inc. d/b/a Innovation Academy SRQ's, (the School) financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2026. It should be read in conjunction with the School's financial statements which immediately follow this discussion.

For financial reporting purposes, the School is considered a component unit of the District School Board of Sarasota County, Florida, which is a primary government entity for financial reporting.

I. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements and the notes thereto, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

Government-wide financial statements: The Statement of Net Position and the Statement of Activities report information about the School as a whole using the economic resources measurement focus and the accrual basis of accounting, similar to methods used by private-sector businesses. The Statement of Net Position reports all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources, including capital assets and long-term obligations. The Statement of Activities reports all revenues and expenses of the year regardless of when cash is received or paid. Net position — the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources — is one measure of the School's financial position, and changes in net position over time indicate whether that position is improving or deteriorating. All of the School's activities are governmental activities, financed principally by State funding through the Florida Education Finance Program.

Fund financial statements: The Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds report the School's individual funds using the current financial resources measurement focus and the modified accrual basis of accounting. These statements report only those assets expected to be converted to cash and those liabilities expected to be paid from current resources; capital assets and long-term obligations are not reported. Revenues are recognized when measurable and available, and expenditures are recognized when the related liability is incurred and payable from current resources. The School reports three governmental funds: the General Fund, its primary operating fund, and the Special Revenue Fund and Capital Projects Fund, which account for resources restricted to specified purposes.

I. OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The following table summarizes the significant differences between the two presentations:

	Government-Wide Statements	Fund Financial Statements – Governmental Funds
Types of assets and liabilities	All assets and liabilities, both financial and nonfinancial, short term and long term	Only current financial resources, such as cash, receivables, and accounts payable
Types of revenue/additions	All types of revenues/additions that flow into the government during the year that relate to that year, regardless of when cash is received	Only revenues that are measurable and available to finance expenditures of that year
Types of expenses/deductions /expenditures	All types of expenses/deductions that flow out of the government during the year that relate to that year, regardless of when cash is paid	Only expenditures for which the related governmental fund liability is incurred in that year
Types of deferred outflows of resources and deferred inflows of resources	All types of resources that flow into and out of the government during the year that relate to a future year	Current financial resources that flow into and out of the governmental funds during the year that relate to a future year

Relationship between the statements: Because the two presentations use different measurement focuses and bases of accounting, fund balance and the net change in fund balances will differ from net position and the change in net position. Reconciliations of these differences immediately follow each of the fund financial statements and identify the effects of capital assets and related depreciation and amortization, right-of-use assets and lease obligations, and other long-term items that are reported in government-wide statements but not in governmental funds.

The notes to the financial statements provide additional information essential to a full understanding of the data in the basic financial statements. Required supplementary information follows the notes and includes the budgetary comparison schedule.

II. FINANCIAL SUMMARY

Net Position

The School's deficit net position was $184,226 at June 30, 2026, compared with a deficit of $210,082 at June 30, 2025 as previously reported and a restated deficit of $83,076. The following table compares the School's net position at June 30, 2026 and 2025:

	Governmental Activities as of June 30,		
	2026	**2025**	**Variance**
Assets			
Current Assets	$ 146,412	$ 334,324	$ (187,912)
Non-Current Assets	955,740	352,961	602,779
Total Assets	**1,102,152**	**687,285**	**414,867**
Deferred Outflows of Resources	**-**	**-**	**-**
Liabilities and Net Position			
Liabilities			
Current Liabilities	557,064	215,719	341,345
Non-Current Liabilities	729,314	681,648	47,666
Total Liabilities	**1,286,378**	**897,367**	**389,011**
Deferred Inflows of Resources	**-**	**-**	**-**
Net Position			
Net Investment in Capital Assets	277,296	174,647	102,649
Non Spendable	-	7,912	(7,912)
Debt Service	-	(503,334)	503,334
Restricted	35,128	-	35,128
Unrestricted	(496,650)	110,693	(607,343)
Total Net Position	**(184,226)**	**(210,082)**	**25,856**
Total Liabilities and Net Position	**$ 1,102,152**	**$ 687,285**	**$ 414,867**

II. FINANCIAL SUMMARY (CONTINUED)

Changes in Net Position

The following table compares the changes in the School's net position from its activities for the fiscal years ended June 30, 2026 and 2025:

	Governmental Activities as of June 30,		
	2026	2025	Variance
Revenue:			
General Revenues:			
Florida Education Finance Program	$ 918,270	$ 1,096,749	$ (178,479)
Miscellaneous Revenue	249,998	373,491	(123,493)
Program Revenues:			
Charges for Services	58,409	435,258	(376,849)
Operating Grants and Contributions	89,299	127,150	(37,851)
Capital Grants and Contributions	217,020	189,094	27,926
Total Revenue	**1,532,996**	**2,221,742**	**(688,746)**
Expenses:			
Instruction	967,771	819,703	148,068
Instruction Support Services	53,943	79,118	(25,175)
Board Services	104,534	17,158	87,376
General Administration	145,904	54,959	90,945
School Administration	374,841	284,202	90,639
Community Services	10,433	-	10,433
Food Services	49,860	31,554	18,306
Fiscal Services	59,683	20,592	39,091
Pupil Transportation	72,207	132,005	(59,798)
Operation of Plant	397,570	485,281	(87,711)
Maintenance of Plant	1,833	6,833	(5,000)
Administrative Technology	-	14,039	(14,039)
Interest Expense	45,033	13,862	31,171
Depreciation	243,887	245,841	(1,954)
Total Expenses	**2,527,499**	**2,205,147**	**322,352**
Unusual or Infrequent Items			
Insurance Recoveries	635,375	-	635,375
Employee Retention Credit	257,978	-	257,978
Total Unusual or Infrequent Items	**893,353**	**-**	**893,353**
Change in Net Position	**(101,150)**	**16,595**	**(117,745)**
Net Position - Beginning of the year as previously stated	(210,082)	(226,677)	16,595
Add : Prior Period Restatement	127,006	-	127,006
Net Position - Beginning of the year, as restated	(83,076)	(226,677)	143,601
Ending Net Position	**$ (184,226)**	**$ (210,082)**	**$ 25,856**

III. DETAILED ANALYSIS

A. GOVERNMENT-WIDE FINANCIAL POSITION AND RESULTS OF OPERATIONS

Net position decreased $101,150 to a deficit of $184,226 at June 30, 2026. Unrestricted net position was a deficit of $496,650, reflecting liabilities of $1,161,785 for the facility lease, notes payable, accrued rent, accrued interest and compensated absences, against current assets of $146,412. Net investment in capital assets was $277,296 and restricted net position was $35,128, representing unspent capital outlay funding.

Revenues decreased $688,746, or 31.0%, to $1,532,996, principally because Florida Education Finance Program revenue decreased $178,479 to $918,270 as a result of lower student membership and charges for services decreased $376,849 to $58,409. In addition, the School recognized unusual or infrequent items of $893,353, comprising hurricane insurance recoveries of $635,375 and the federal Employee Retention Credit of $257,978, which are reported separately as the last flows of resources before the change in net position.

Total expenses increased $322,352, or 14.6%, to $2,527,499. Instruction remained the School's largest function at 38.3% of total expenses and increased $148,068 to $967,771. General Administration increased $90,945 to $145,904 and School Administration increased $90,639 to $374,841, reflecting professional fees incurred in connection with the insurance claim and the engagement of outside accounting assistance. Board Services increased $87,376 to $104,534. Interest expense increased $31,171 to $45,033. Depreciation and amortization was $243,887, comprising depreciation of $79,826 and amortization of right-to-use assets of $164,061.

B. INDIVIDUAL MAJOR FUNDS

At June 30, 2026, the School's governmental funds reported combined fund balances of $21,819, a decrease of $274,555 from the restated balance of $296,374 at the beginning of the year. Combined revenues were $1,532,996 and combined expenditures were $2,700,904, producing a deficiency of revenues over expenditures of $1,167,908, offset by unusual or infrequent items of $893,353.

General Fund: The General Fund is the School's primary operating fund. Fund balance decreased $309,683 to a deficit of $13,309 at June 30, 2026. Revenues of $1,230,976 were exceeded by expenditures of $2,434,012, producing a deficiency of $1,203,036, offset by unusual or infrequent items of $893,353 comprising hurricane insurance recoveries of $635,375 and Employee Retention Credit proceeds of $257,978.

Special Revenue Fund: The Special Revenue Fund accounts for federal awards restricted by grant agreement to specified purposes, principally Title I. Revenues of $85,000 were fully expended, and the fund reported no fund balance at June 30, 2026.

III. DETAILED ANALYSIS (CONTINUED)

B. INDIVIDUAL MAJOR FUNDS (CONTINUED)

Capital Projects Fund: Revenues of $217,020, comprising charter school capital outlay, local capital improvement revenue, discretionary sales surtax and safety and security funding, exceeded expenditures of $181,892. The principal use was facility lease principal and interest of $180,000 paid to Mango Properties of Sarasota, L.L.C. Fund balance at June 30, 2026 was $35,128, restricted for capital purposes.

C. SIGNIFICANT POLICY CHANGES AND ECONOMIC FACTORS

Two factors dominate fiscal 2026 results. Student membership of 77 unweighted full-time equivalent students per the 2025-26 Florida Education Finance Program fourth calculation, against average daily enrollment of 98 students reported for the prior year, is the principal economic factor and is why Florida Education Finance Program revenue declined $178,479. The second factor is the recognition of non-recurring revenue of $893,353 from hurricane insurance recoveries and the federal Employee Retention Credit, without which the School would have reported an operating deficit of approximately $994,503.

No millage or tax-rate change applies to the School. Effective July 1, 2025, the School entered into a new five-year lease for its educational facility, resulting in the recognition of a right-to-use asset and lease liability of $820,305 under GASB Statement No. 87. Beginning net position and beginning fund balance have been restated to correct errors identified during the year; see the notes to the financial statements.

IV. SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital assets and Right-to-Use Assets

At June 30, 2026, the School had $287,496 invested in owned capital assets, net of accumulated depreciation of $1,185,386. These assets, with a total cost of $1,472,882, consist of leasehold improvements, furniture, fixtures and equipment, and motor vehicles. Additions during the year totaled $189,049. The School also reported a right-to-use asset of $656,244, net of accumulated amortization of $164,061, relating to its educational facility. Accumulated depreciation reported at July 1, 2025 has been restated; see Note 13 - Prior Period Adjustments.

Long-term Financing

The School's long-term obligations at June 30, 2026 totaled $1,131,238, comprising the facility lease liability of $666,444, notes payable of $423,269, accrued rent of $40,503 and accrued interest of $1,022. Of this amount, $401,924 is due within one year. Notes payable comprise a bank promissory note of $244,769, which matured July 19, 2026 and was renewed subsequent to year end, and unsecured related party notes of $178,500 maturing between September 2028 and September 2029.

IV. SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Long-term Financing (Continued)

Net investment in capital assets of $277,296 equals owned capital assets of $287,496 plus right-to-use assets of $656,244, less the related lease liability of $666,444.

V. CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

The following facts, decisions, or conditions are known to management as of the date the financial statements were issued and are expected to have a significant effect on financial position or to produce significant differences from FY 2026 results. Prospective information that is not currently known is omitted.

Student membership - The operating budget approved by the governing board for fiscal 2027 is based on 70 unweighted full-time equivalent students, compared with 77 in fiscal 2026. Florida Education Finance Program revenue is budgeted at $846,711, a decrease of $71,559, and is a function of membership.

Lease obligations - The School leases its educational facility under an agreement commencing July 1, 2025 and expiring June 30, 2030, requiring fixed monthly payments of $15,000. Remaining payments under the lease total $720,000.

Federal awards - The fiscal 2027 budget assumes federal awards at approximately the fiscal 2026 level. The Employee Retention Credit received during fiscal 2026 will not recur.

Financial condition - The School reported a deficit net position and a deficit General Fund balance at June 30, 2026, and obtained short-term borrowings during the year to meet payroll obligations. Management has submitted a financial improvement plan to the District School Board of Sarasota County. Management's plans and its evaluation of the School's financial condition are described in Note 14 to the financial statements.

No other currently known facts, decisions, or conditions are expected to have a significant effect on financial position or results of operations.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Suncoast School for Innovative Studies, Inc. d/b/a Innovation Academy SRQ's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Suncoast School for Innovative Studies, Inc. d/b/a Innovation Academy SRQ, 845 S. School Ave., Sarasota, FL 34237.

BASIC FINANCIAL STATEMENTS

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
D/B/A INNOVATION ACADEMY SRQ
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA)
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
Current Assets	
Cash	$ 113,085
Due from Other Agencies	3,327
Prepaid Expenses	30,000
Total Current Assets	**146,412**
Non-Current Assets	
Security Deposit	12,000
Capital Assets, Net	943,740
Total Non-Current Assets	**955,740**
TOTAL ASSETS	**1,102,152**
LIABILITIES AND NET POSITION	
LIABILITIES	
Current Liabilities	
Salaries and Wages Payable	109,681
Accounts Payable	14,912
Compensated Absences Payable	30,547
Note Payable - Due Within One year	244,769
Lease Liability - Due Within One year	157,155
Total Current Liabilities	**557,064**
Non-Current Liabilities	
Accrued Rent	40,503
Accrued Interest Payable	1,022
Note Payable - Due in More Than One Year	178,500
Lease Liability - Due in More Than One Year	509,289
Total Non-Current Liabilities	**729,314**
TOTAL LIABILITIES	**1,286,378**
NET POSITION	
Net Investment in Capital Assets	277,296
Restricted	35,128
Unrestricted	(496,650)
TOTAL NET POSITION	**(184,226)**
TOTAL LIABILITIES AND NET POSITION	**$ 1,102,152**

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

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
D/B/A INNOVATION ACADEMY SRQ
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenues (Expenses) and Changes in Net Position: Total Governmental Activities
Governmental Activities					
Instruction	$ 967,771	$ 14,660	$ 89,299	$ -	$ (863,812)
Instruction Support Services	53,943	-	-	-	(53,943)
Board Services	104,534	-	-	-	(104,534)
General Administration	145,904	-	-	-	(145,904)
School Administration	374,841	-	-	-	(374,841)
Community Services	10,433	40,574	-	-	30,141
Food Services	49,860	-	-	-	(49,860)
Fiscal Services	59,683	-	-	-	(59,683)
Pupil Transportation	72,207	-	-	-	(72,207)
Operation of Plant	397,570	3,175	-	217,020	(177,375)
Maintenance of Plant	1,833	-	-	-	(1,833)
Interest Expense	45,033	-	-	-	(45,033)
Depreciation and Amortization	243,887	-	-	-	(243,887)
Total Governmental Activities	**$ 2,527,499**	**$ 58,409**	**$ 89,299**	**$ 217,020**	**(2,162,771)**
General Revenue					
State through Local School District					918,270
Miscellaneous Revenue					249,998
Total General Revenue					**1,168,268**
Unusual or Infrequent Items					
Insurance Recoveries					635,375
Employee Retention Credit					257,978
Total Unusual or Infrequent Items					**893,353**
Change in Net Position					**(101,150)**
Net Position - Beginning of the year as previously stated					(210,082)
Add : Prior Period Restatement					127,006
Net Position - Beginning of the year, as restated					(83,076)
Net Position - End of the year					**$ (184,226)**

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

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
D/B/A INNOVATION ACADEMY SRQ
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA)
BALANCE SHEET – GOVERNMENTAL FUND
AS OF JUNE 30, 2026

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash	$ 113,085	$ -	$ -	$ 113,085
Due from Other Agencies	-	-	3,327	3,327
Prepaid Expenses	30,000	-	-	30,000
Due from Other Fund	-	-	31,801	31,801
TOTAL ASSETS	**143,085**	**-**	**35,128**	**178,213**
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accrued Salaries	109,681	-	-	109,681
Accounts Payable	14,912	-	-	14,912
Due to Other Fund	31,801	-	-	31,801
TOTAL LIABILITIES	**156,394**	**-**	**-**	**156,394**
FUND BALANCES				
Nonspendable	30,000	-	-	30,000
Restricted	-	-	35,128	35,128
Unassigned	(43,309)	-	-	(43,309)
TOTAL FUND BALANCES	**(13,309)**	**-**	**35,128**	**21,819**
TOTAL LIABILITIES AND FUND BALANCES	**$ 143,085**	**$ -**	**$ 35,128**	**$ 178,213**

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

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
D/B/A INNOVATION ACADEMY SRQ
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA)
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2026

Total Fund Balances - Governmental Funds		**$ 21,819**
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		
Cost of Capital Assets	2,293,187	
Less: Accumulated Depreciation and Amortization	(1,349,447)	943,740
Certain assets are not available to pay for current period expenditures and therefore are not reported in the governmental funds.		
Security Deposit		12,000
Long-term liabilities, including leases payable, notes payable and compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. All liabilities, both current and long-term, are reported in the statement of net position. Balances at year-end are:		
Accrued Rent		(40,503)
Accrued Interest Payable		(1,022)
Compensated Absences Payable		(30,547)
Notes Payable		(423,269)
Leases Payable		(666,444)
Total Net Position - Governmental Activities		**$ (184,226)**

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

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
D/B/A INNOVATION ACADEMY SRQ
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE – GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenue				
Federal Sources	$ 4,299	$ 85,000	$ -	$ 89,299
State Sources	918,270	-	54,213	972,483
Local Sources	308,407	-	162,807	471,214
Total Revenue	**1,230,976**	**85,000**	**217,020**	**1,532,996**
Expenditure				
Current:				
Instruction	900,495	66,450	-	966,945
Instruction Support Services	35,393	18,550	-	53,943
Board Services	104,534	-	-	104,534
General Administration	145,904	-	-	145,904
School Administration	374,841	-	-	374,841
Community Services	10,433	-	-	10,433
Food Services	49,860	-	-	49,860
Fiscal Services	59,683	-	-	59,683
Pupil Transportation	72,207	-	-	72,207
Operation of Plant	395,678	-	1,892	397,570
Maintenance of Plant	1,833	-	-	1,833
Debt Service:				
Principal	76,230	-	153,861	230,091
Interest	17,872	-	26,139	44,011
Capital Outlay	189,049	-	-	189,049
Total Expenditure	**2,434,012**	**85,000**	**181,892**	**2,700,904**
Excess / (Deficiency) of Revenues Over Expenditures	**(1,203,036)**	**-**	**35,128**	**(1,167,908)**
Unusual or Infrequent Items				
Insurance Recoveries	635,375	-	-	635,375
Employee Retention Credit	257,978	-	-	257,978
Total Unusual or Infrequent Items	**893,353**	**-**	**-**	**893,353**
Net Changes in Fund Balances (Deficit)	**(309,683)**	**-**	**35,128**	**(274,555)**
Fund Balance (Deficit) - Beginning of the year as previously stated	118,605	-	-	**118,605**
Add : Prior Period Restatement	177,769	-	-	**177,769**
Fund Balance (Deficit) - Beginning of the year, as restated	296,374	-	-	**296,374**
Fund Balance at End of year	**$ (13,309)**	**$ -**	**$ 35,128**	**$ 21,819**

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

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
D/B/A INNOVATION ACADEMY SRQ
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Net Changes in Fund Balance - Total Governmental Funds	**$ (274,555)**
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities the cost of capital acquisitions are allocated over their estimated useful lives and reported as depreciation expense.	
Capital Outlays	189,049
Depreciation and Amortization Expense	(243,887)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal Payments - Leases	153,861
Principal Payments - Notes Payable	76,230
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Accrued Interest	(1,022)
Compensated Absences	(826)
Change in Net Position of Governmental Activities	**$ (101,150)**

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Suncoast School for Innovative Studies, Inc. d/b/a Innovation Academy SRQ ("the School") is a nonprofit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing board of the School is the not-for-profit corporation Board of Directors, which is comprised of five members.

The general operating authority of the School is in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the School Board of Sarasota County, Florida (the District). The current charter is effective from July 1, 2023 through June 30, 2028 and may be renewed as provided in Section 1002.33 or 1002.331, Florida Statutes. At the end of the charter term, the District may choose not to renew the charter on grounds specified in the charter. In that case, the District is required to notify the School in writing at least 90 days prior to expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

The School is authorized to serve students in grades K through 5 and operates at 845 S. School Avenue, Sarasota, Florida.

Criteria for determining if other entities are potential component units that should be reported within the School's basic financial statements are identified in the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600. Based on those criteria, no component units are included within the reporting entity of the School. Effective for the year ended June 30, 2026, GASB Statement No. 103, *Financial Reporting Model Improvements*, requires each major component unit, if any, to be presented separately in the reporting entity's statement of net position and statement of activities or, if that presentation would reduce readability, in combining statements presented after the fund financial statements. Because the School has no component units, that requirement had no effect on the accompanying basic financial statements.

B. Government-Wide Financial Statements

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide Financial Statements (Continued)

In the government-wide statement of net position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all current and noncurrent assets and all current and noncurrent liabilities. The School's net position is reported in three categories: net investment in capital assets, restricted net position, and unrestricted net position.

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The net costs, by function, are supported by general revenues. The statement of activities reduces gross expenses by related program revenues. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

Inflows and outflows of resources related to unusual or infrequent items, if any, are presented individually as the last presented flow(s) of resources prior to the net change in net position in the government-wide statement of activities. Inflows and outflows related to each unusual or infrequent item are presented separately and are not netted. See Note 1.L.

C. Fund Financial Statements

The School's accounts are organized on the basis of funds. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets and deferred outflows of resources, liabilities and deferred inflows of resources, fund balance, revenues and expenditures.

The School reports the following major governmental funds:

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

Special Revenue Fund – to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes such as Title I.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Financial Statements (Continued)

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns. All of the School's funds were deemed major funds even if the respective fund did not meet the percentage criteria. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

Consistent with the government-wide statement of activities, inflows and outflows of resources related to unusual or infrequent items, if any, are presented individually as the last presented flow(s) of resources prior to the net change in fund balances in the governmental fund statement of revenues, expenditures, and changes in fund balances.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.

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

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Basis of Accounting

The School's annual budgets are adopted for the entire operations of the School and may be amended by the Board of Directors (the "Board"). Budgetary comparison information is presented on the modified accrual basis of accounting, which is consistent with the basis of accounting used in the governmental fund financial statements.

Budgetary comparison information for the General Fund and for each major special revenue fund that has a legally adopted annual budget is presented as required supplementary information ("RSI") and is not presented as a basic financial statement. The budgetary comparison schedules present the original budget, the final budget, and actual amounts on the budgetary basis, together with separate columns for (1) the variance between the original and final budget amounts and (2) the variance between the final budget amounts and actual results. An explanation of significant variations between the original and final budget amounts, and between the final budget amounts and actual results, is presented in the notes to RSI.

F. Deposits and Investments

The School's cash is considered to be cash on hand and demand deposits, including money market accounts, with original maturities of three months or less.

G. Capital Assets

Capital assets, which include leasehold improvements, furniture, fixtures and equipment, and motor vehicles, are reported in the governmental activities column of the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of $500 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. As of June 30, 2026, the School carried owned capital assets of $287,496, net of accumulated depreciation of $1,185,386. Right-to-use lease assets are reported separately in accordance with GASB Statement No. 87. Right-to-use assets recognized under GASB Statement No. 87 are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset and are described in Notes 5 and 6.

Property and equipment of the School are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Leasehold Improvements	10-39 years
Furniture, Fixtures and Equipment	5-10 years
Motor Vehicles	5-7 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Equity Classifications

Government-wide financial statements
Equity is classified as net position and displayed in three (3) components:

- Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

- Restricted net position – consists of components of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

- Unrestricted net position – all other components of net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Balance
GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions and it establishes the following classifications depicting the relative strength of the constraints that control how specific amounts can be spent:

- Non-spendable fund balance - includes amounts that are not in a spendable form or are required to be maintained intact and that are not expected to be converted to cash.

- Restricted fund balance - includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of resource providers.

- Committed fund balance - includes amounts that can be used only for specific purposes determined by a formal action of the School's highest level of decision-making authority. Commitments may be changed or lifted only by the School taking the same formal action that imposed the constraint originally.

- Assigned fund balance - comprises amounts intended to be used by the School for specific purposes, as expressed by the governing body or by an official or body to which it delegates that authority. In governmental funds other than the general fund, assigned fund balance is the residual amount that is neither restricted nor committed.

- Unassigned fund balance - the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Equity Classifications (Continued)

The following is a summary schedule of the School's Governmental Funds for the fiscal year ended June 30, 2026:

Fund Balances	General Fund	Capital Projects Fund	Total Governmental Funds
Nonspendable	$ 30,000	$ -	$ 30,000
Restricted	-	35,128	35,128
Unassigned	(43,309)	-	(43,309)
Total Fund Balances	**$ (13,309)**	**$ 35,128**	**$ 21,819**

I. Revenue Sources

Revenues for current operations are received primarily from the School Board of Sarasota County, Florida (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 (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (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 FTE students reported by the School during the designated FTE student survey periods. The District withholds an administrative fee of 5 percent of FEFP revenue pursuant to Section 1002.33(20), Florida Statutes.

The School also receives federal awards passed through the District, including Title I and IDEA. That assistance is generally received based on applications submitted to and approved by the granting agencies. For federal awards in which a claim to the proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

Other State and local sources include charter capital outlay, local capital improvement (LCIR) funds, sales-tax and referendum distributions, aftercare fees, contributions, and other miscellaneous revenues. Contributions with donor-imposed purpose restrictions are reported as restricted until the restriction is met.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Use of Estimates

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

K. Income Taxes

The School is a non-profit organization and is tax exempt under Section 501(c)(3) of the Internal Revenue Code. The School is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

L. Unusual or Infrequent Items

Unusual or infrequent items are transactions and other events that are unusual in nature or infrequent in occurrence, as those terms are defined in GASB Statement No. 103, *Financial Reporting Model Improvements*. Such items are presented as the last flows of resources before the net change in resource flows in the statement of activities and in the statement of revenue, expenditures and changes in fund balances. For each item, the School discloses the program, function, or identifiable activity to which the item relates, if applicable, and whether the item is within the control of management.

During the year ended June 30, 2026 the School recognized two unusual or infrequent items. The School recognized $635,375 in settlement of claims arising from hurricane damage to its leased facility; the recovery is unusual in nature and infrequent in occurrence, is not part of the ordinary operating activities of the School, and resulted from an event outside the control of management.

The School also recognized $257,978 of Employee Retention Credit proceeds, a refundable federal payroll tax credit established in response to the COVID-19 pandemic; the program is closed to new claims, the credit is not expected to recur, and its availability was outside the control of management. The credit is a tax credit rather than federal financial assistance and is not reported as a federal award. Neither item is allocated to a program, function or identifiable activity. The School had no other unusual or infrequent items for the year ended June 30, 2026.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Management's Discussion and Analysis

The basic financial statements are preceded by management's discussion and analysis ("MD&A"), which is presented as required supplementary information. Information presented in MD&A is limited to the five sections required by GASB Statement No. 103: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. The detailed analyses compare the current year to the prior year and explain why balances and results of operations changed rather than presenting only the amounts or percentages by which they changed.

N. Compensated Absences

In accordance with GASB Statement No. 101, Compensated Absences, a liability is recognized for leave that has not been used if the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means, and for leave that has been used but not yet paid.

Employees of the School earn paid time off under the School's leave policy. A maximum of 200 hours of accrued and unused paid time off may be carried forward from one fiscal year to the next, and any remaining balance is forfeited on termination of employment. A liability is recognized for leave that has accumulated and is more likely than not to be used, measured at employee pay rates in effect at June 30, 2026 together with salary-related employer payroll taxes. The liability is reported as a current liability because historical usage indicates that substantially all accumulated leave is used within one year. In the governmental funds the liability is recognized only to the extent it is due and payable; because leave is forfeited on termination, no amount was due and payable at June 30, 2026. The liability recognized at June 30, 2026 was $30,547.

O. New Accounting Pronouncement Adopted

GASB Statement No. 103: During the year ended June 30, 2026, the School adopted GASB Statement No. 103, *Financial Reporting Model Improvements*, issued in April 2024 and effective for fiscal years beginning after June 15, 2025. The objective of GASB 103 is to improve key components of the financial reporting model. It establishes new or modified requirements related to (a) MD&A, (b) unusual or infrequent items, (c) presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, (d) information about major component units in the basic financial statements, (e) budgetary comparison information, and (f) financial trends information in the statistical section.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. New Accounting Pronouncement Adopted (Continued)

The School engages only in governmental activities, has no proprietary funds, has no component units, and does not present a statistical section. Accordingly, the requirements of GASB 103 relating to the proprietary fund statement, major component unit information, and the statistical section had no effect on the accompanying financial statements. Adoption of GASB 103 affected the content and organization of MD&A, the presentation of unusual or infrequent items in the statements of resource flows, and the presentation of budgetary comparison information and the related variance columns and explanations within required supplementary information, as described in Notes 1.A, 1.B, 1.C, 1.E, 1.L, and 1.M.

In accordance with paragraph 19 of GASB 103, changes adopted at transition are reported as a change in accounting principle in accordance with GASB Statement No. 100, Accounting Changes and Error Corrections. Because the changes affect presentation and disclosure only, adoption of GASB 103 did not result in a change to the School's net position as of July 1, 2025, or to its previously reported fund balances.

GASB Statement No. 104: Disclosure of Certain Capital Assets is effective for the same reporting period. The Statement requires certain capital assets — including lease assets, subscription assets, and other intangible assets — to be disclosed separately. The School's lease assets will be presented separately from owned capital assets in the statement of net position and in the capital asset note. The School has no subscription-based information technology arrangement (SBITA) assets and no other intangible assets identified. Adoption of GASB 104 therefore had no additional effect on the accompanying financial statements.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Fund Accounting Requirements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like any other state and local government, uses fund accounting to ensure and demonstrate compliance with finance related requirement, and segregation for management purposes. The School has various restrictions placed over certain revenue sources from federal, state, or local requirements.

Excesses of expenditures over appropriations

The School's legal level of budgetary control is the function level within each fund. For the year ended June 30, 2026, expenditures exceeded appropriations by $515,876 in the General Fund and by $85,000 in the Special Revenue Fund. The School did not amend its original budget during the year.

NOTE 3 – CASH

Under Chapter 280, Florida Statutes, the School's deposits are held in banks that are qualified public depositories. The School's deposits consist of demand and money market deposits at ServisFirst Bank and Seacoast Bank. At June 30, 2026, the carrying amount of deposits was $109,085. Deposits at each institution were below the $250,000 federal depository insurance limit, and no uninsured cash or related custodial credit risk existed at year-end. Cash reported in the statement of net position of $113,085 also includes $4,000 of funds held on prepaid expense cards, which are not subject to custodial credit risk.

NOTE 4 – RELATED PARTY

The School discloses transactions with related parties, including members of the Board of Directors, members of management, and organizations that they control or significantly influence.

During the year ended June 30, 2026, the School had five unsecured promissory notes payable to Mr. Henry L. (Barry) Preston, who served as President of the Board of Directors until September 2025. The notes evidence advances made to the School between June 1, 2023 and January 22, 2025. The School repaid $30,000 during the year, and the balance outstanding at June 30, 2026 was $178,500, together with accrued interest of $1,022. The terms of the notes are described in Note 8 – Notes Payable.

The School has not identified a management company contract in effect during the year.

NOTE 5 – LEASES

The School leases its educational facility under a non-cancelable lease. In accordance with GASB Statement No. 87, the School recognizes a right-to-use asset and a corresponding lease liability in the government-wide financial statements. In the governmental funds, lease payments are reported as debt service principal and interest expenditures when due.

On June 30, 2025 the School entered into a commercial lease agreement with Mango Properties of Sarasota, L.L.C. for its administrative and classroom facilities at 845 South School Avenue, Sarasota, Florida. The lease commenced July 1, 2025 and expires June 30, 2030, and requires fixed monthly payments of $15,000. The lease contains one option to extend for an additional five-year term at the School's election, which has not been included in the measurement of the lease liability as its exercise is not reasonably certain. The lease also provides for rent increases based on student enrollment in excess of 100 students, capped at three percent per annum. Such increases are variable payments dependent on a future event and are excluded from the measurement of the lease liability; no such increase was incurred during the year.

NOTE 5 – LEASES (CONTINUED)

At commencement, the School recognized a right-to-use asset and lease liability of $820,305, measured as the present value of the remaining lease payments discounted at 3.84%. The right-to-use asset is amortized on a straight-line basis over the five-year lease term. The lease superseded the School's previous facility lease, and the related right-to-use asset and lease liability were derecognized at July 1, 2025.

During the year the School made lease payments of $180,000, of which $153,861 was applied to principal and $26,139 to interest. Amortization of the right-to-use asset was $164,061.

At June 30, 2026 the School reported a security deposit of $12,000 held by the landlord, presented as a non-current asset, and accrued rent of $40,503 representing facility rent for periods prior to July 1, 2025 that remained unpaid at year end. Under the terms agreed with the landlord, the security deposit held is to be applied against the unpaid rent, leaving a net amount of $28,503 payable by the School. Neither amount had been recorded previously; both are included in the restatement of beginning net position described in Note 13.

Future minimum lease payments as of June 30, 2026 are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 157,155	$ 22,845	$ 180,000
2028	163,297	16,703	180,000
2029	169,680	10,320	180,000
2030	176,312	3,688	180,000
Total	**$ 666,444**	**$ 53,556**	**$ 720,000**

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2026, was as follows. Balances at July 1, 2025 are presented as restated; see Note 13 – Prior Period Adjustments.

	Balance July 1, 2025	Additions	Deletions	Balance June 30, 2026
Governmental Activities:				
Capital Assets being Depreciated:				
Leasehold Improvements	$ 582,587	$ 182,549	$ -	$ 765,136
Furniture, Fixtures and Equipment	619,606	-	-	619,606
Motor Vehicles	81,640	6,500	-	88,140
Total Capital Assets being Depreciated	**1,283,833**	**189,049**	**-**	**1,472,882**
Less Accumulated Depreciation:				
Leasehold Improvements	(454,368)	(29,230)	-	(483,598)
Furniture, Fixtures and Equipment	(578,299)	(41,307)	-	(619,606)
Motor Vehicles	(72,893)	(9,289)	-	(82,182)
Total Accumulated Depreciation	**(1,105,560)**	**(79,826)**	**-**	**(1,185,386)**
Capital Assets, Net	**178,273**	**109,223**	**-**	**287,496**
Right-to-use Assets:				
Building	-	820,305	-	820,305
Equipment	677,077	-	(677,077)	-
Total Right-to-use Assets	**677,077**	**820,305**	**(677,077)**	**820,305**
Less Accumulated Amortization for:				
Building	-	(164,061)	-	(164,061)
Equipment	(500,640)	-	500,640	-
Total Accumulated Amortization	**(500,640)**	**(164,061)**	**500,640**	**(164,061)**
Right-to-use Lease Assets, Net	**$ 176,437**	**$ 656,244**	**$ (176,437)**	**$ 656,244**

Depreciation and amortization expense of $79,826 and $164,061 respectively were unallocated during the year ended June 30, 2026.

NOTE 7 – PREPAID EXPENSES

Prepaid expenses are payments made in advance for goods or services that will benefit future periods. At June 30, 2026, prepaid expenses were $30,000, consisting of July 2026 facility rent of $15,000 paid on June 23, 2026 and one additional prepaid facility month of $15,000. Both amounts relate to the Mango facility lease described in Note 5. The $30,000 is reported as non-spendable fund balance in the General Fund.

NOTE 8 – NOTES PAYABLE

ServisFirst Bank Promissory Note

The School has a promissory note payable to ServisFirst Bank, originally dated September 19, 2019 in the principal amount of $300,000. The note was modified on August 4, 2025, at which date the outstanding principal was $290,999. Interest is variable, based on the Wall Street Journal Prime Rate, subject to a floor of 7% per annum; the rate in effect during the year was 7.5%. The note requires monthly payments of principal and interest of $5,827. During the year the School made payments of $64,102, of which $46,230 was applied to principal and $17,872 to interest. The balance outstanding at June 30, 2026 was $244,769 and is reported as a current liability. The note is secured by substantially all assets of the School, including inventory, accounts receivable, equipment, general intangibles and future fundraising pledges. The note matured July 19, 2026 and was renewed subsequent to year end in the same principal amount. The balance previously reported at June 30, 2025 has been restated; see Note 13 – Prior Period Adjustments.

Related Party Promissory Notes

The School has five unsecured promissory notes payable to Mr. Henry L. (Barry) Preston, who served as President of the Board of Directors until September 2025; see also Note 4 – Related Party. The notes evidence advances made to the School between June 1, 2023 and January 22, 2025 in the aggregate principal amount of $208,500. The notes were executed on December 3, 2025 with that effective date and provide that no interest accrues for the period from disbursement to the effective date; thereafter interest accrues at 1% per annum simple on the daily unpaid principal balance, payable at maturity. The notes mature between September 1, 2028 and September 1, 2029 and become payable on demand at any time after maturity. During the year ended June 30, 2026 the School repaid $30,000. The balance outstanding at June 30, 2026 was $178,500, with accrued interest of $1,022, and is reported as a non-current liability. The balance previously reported at June 30, 2025 has been restated; see Note 13 – Prior Period Adjustments.

Short-term Financing

In December 2025 the School obtained short-term financing of $70,415, net of fees, from a commercial funding company, repayable in weekly installments. The financing was repaid in full in January 2026 and the School recognized finance costs of $13,528 in connection with the arrangement. No balance was outstanding at June 30, 2026.

NOTE 9 – RETIREMENT PLAN

The School maintains a 401(k) profit-sharing plan for eligible employees. Participants may elect to contribute a portion of their compensation on a tax-deferred basis, not to exceed the limits of the Internal Revenue Code. The plan permits the School to make matching or profit-sharing contributions at its discretion. The School made no employer contributions to the plan for the year ended June 30, 2026.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Funding

The School receives funding from the District which is received from the State of Florida and is based, in part, on a computation of the number of full-time equivalent (FTE) students enrolled in the School. The accuracy of the data provided by the School supporting the FTE count is subject to State audit and, if found to be in error, could result in refunds or decreases in future funding allocations.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the School.

It is the opinion of management that the amount of revenue which may be remitted back to the State due to errors in the FTE count, or the amount of grant expenditures which may be disallowed by granting agencies, if any, will not be material to the financial position of the School.

Concentrations

A significant portion of the School's operating revenue is derived from Florida Education Finance Program funding received through the School Board of Sarasota County under a charter that expires June 30, 2028. A significant reduction in FTE enrollment, a change in State funding levels, or non-renewal or termination of the charter would have a substantial effect on the School's operations.

NOTE 11 – RISK MANAGEMENT

The School is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The School purchases commercial insurance for all material risks of loss to which the School is exposed, including general liability, property and workers' compensation.

NOTE 12 – SUBSEQUENT EVENTS

For the year ended June 30, 2026, the School has evaluated all subsequent events through October 19, 2026, which is the date the financial statements were available to be issued. No subsequent events have occurred that would require recognition or additional disclosure in these financial statements.

NOTE 13 – PRIOR PERIOD ADJUSTMENTS

During the year ended June 30, 2026, the School identified errors affecting balances reported as of June 30, 2025. The errors related to hurricane insurance proceeds recognized in the incorrect period, cash held in a bank account that had been closed during the prior year, contributions previously reported as deferred revenue, the principal balance of notes payable, deferred rent payable to the School's landlord that had not been recorded, a security deposit held by the landlord that had not been recorded, capital assets, and a liability for compensated absences that had not been recorded.

NOTE 13 – PRIOR PERIOD ADJUSTMENTS (CONTINUED)

In accordance with GASB Statement No. 100, Accounting Changes and Error Corrections, beginning fund balance and beginning net position have been restated to correct these errors. The effect of the restatement is as follows:

Governmental Funds	Beginning of the year, as previously stated	Prior Period Adjustment	Beginning of the year, as restated
Cash	$ 326,412	$ 5,459	$ 331,871
Other Liabilities	35,400	(35,400)	-
Deferred Revenue	136,910	(136,910)	-
Total governmental fund balances	$ 118,605	$ 177,769	$ 296,374

Governmental Activities	Beginning of the year, as previously stated	Prior Period Adjustment	Beginning of the year, as restated
Cash	$ 326,412	$ 5,459	$ 331,871
Security Deposit	-	12,000	12,000
Other Liabilities	35,400	(35,400)	-
Note Payable	503,334	(3,835)	499,499
Accrued Rent	-	40,503	40,503
Property, Plant and Equipment	176,524	1,749	178,273
ROU Asset	176,437	(176,437)	-
Lease Liability	178,314	(178,314)	-
Deferred Revenue	136,910	(136,910)	-
Compensated Absences Payable	-	29,721	29,721
Net Position	$ (210,082)	$ 127,006	$ (83,076)

The restatement of insurance proceeds corrects the recognition of $136,910 of hurricane insurance recoveries that were received in January and March 2025 and reported as deferred revenue at June 30, 2025. As the funds had been received and the School had no remaining obligation, the amounts were realized in the year ended June 30, 2025. The restatement of cash corrects the balance of a money market account that was closed in April 2025 and had no balance at June 30, 2025. Other liabilities represent contributions received toward the purchase of a school bus and for a student emergency fund.

NOTE 13 – PRIOR PERIOD ADJUSTMENTS (CONTINUED)

Under GASB Statement No. 33 a purpose restriction does not affect the timing of revenue recognition, and the contributions were therefore recognized in the periods in which they were received. The restatement of notes payable comprises an increase of $26,283 to the balance of the note payable to ServisFirst Bank and a decrease of $30,118 to the balance of notes payable to a former member of the Board of Directors. Accrued rent represents unpaid rent from periods prior to July 1, 2025 which the School's landlord agreed to defer, subject to review two years from the date of the lease and again at the end of the lease term, and which had not previously been recorded. The related security deposit of $12,000 held by the landlord had also not been recorded. The restatement of capital assets of $1,749 reduces accumulated depreciation reported at July 1, 2025, following recalculation of depreciation on an asset-by-asset basis. The right-to-use asset and lease liability relate to the facility lease that was superseded on July 1, 2025 by a new lease; see Note 5 - Leases.

The School had not recognized a liability for accumulated paid time off. GASB Statement No. 101, Compensated Absences, was effective for the School's fiscal year ended June 30, 2025. The error has been corrected by restating beginning net position by $29,721, being 982 hours of accumulated leave at July 1, 2025 measured at employee pay rates in effect at that date together with salary-related employer payroll taxes. Because leave is forfeited on termination and no amount was due and payable at July 1, 2025, beginning fund balance is not affected.

NOTE 14 – FINANCIAL CONDITION AND MANAGEMENT'S PLANS

Financial Condition

At June 30, 2026 the School reported a deficit net position of $184,226 and a deficit General Fund balance of $13,309, and current liabilities exceeded current assets. Results for the year include non-recurring insurance and Employee Retention Credit proceeds of $893,353; excluding these, recurring revenues of $1,532,996 were exceeded by expenses of $2,527,499. Student membership for the 2025-26 school year was 77 unweighted full-time equivalent students.

During the year the School relied on short-term borrowing to meet payroll. In December 2025 it obtained merchant financing of $70,415, net of fees, incurring financing costs of $13,528 before repaying the advance in January 2026, and in January 2026 borrowed a further $13,000. The School's note payable was restructured in August 2025 after the lender declined to renew the facility, and substantially all of the School's assets are pledged as security.

Management's Plans

The ServisFirst Bank note was renewed after year end in the same principal amount. The related party notes of $178,500 bear interest at 1% and mature between September 2028 and September 2029. The landlord has agreed to defer past due rent of $40,503, subject to review two years from the date of the lease and at the end of the lease term. The charter runs through June 30, 2028.

NOTE 14 – FINANCIAL CONDITION AND MANAGEMENT'S PLANS (CONTINUED)

Management's Plans (Continued)

The School has submitted a financial improvement plan to the District School Board of Sarasota County, and the Finance Committee meets biweekly and reports to the Board on progress against that plan. The fiscal 2027 budget assumes 70 unweighted full-time equivalent students and Florida Education Finance Program revenue of $846,711. The enrollment information issued by the Sponsor in October 2026 reflects 56 unweighted full-time equivalent students for the 2026-27 school year and 43 for 2027-28.

Management's Evaluation

These conditions, considered in the aggregate, raised substantial doubt about the School's ability to continue as a going concern. After considering management's plans, including the renewal of the bank note after year end, the deferral of past due rent, the extended maturities of the related party notes, and the financial improvement plan submitted to the District, management has concluded that those plans alleviate the substantial doubt. The accompanying financial statements do not include any adjustments that might result if those plans are not realized.

REQUIRED SUPPLEMENTARY INFORMATION

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
D/B/A INNOVATION ACADEMY SRQ
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance - Original to Final Budget	Actual Amounts	Variance - Final to Actual Budget
Revenue					
Federal Sources	$ -	$ -	$ -	$ 4,299	$ 4,299
State Sources	967,433	967,433	-	918,270	(49,163)
Local Sources	1,016,400	1,016,400	-	308,407	(707,993)
Total Revenue	**1,983,833**	**1,983,833**	**-**	**1,230,976**	**(752,857)**
Expenditure					
Current:					
Instruction	871,887	871,887	-	900,495	28,608
Instruction Support Services	32,928	32,928	-	35,393	2,465
Board Services	67,332	67,332	-	104,534	37,202
General Administration	-	-	-	145,904	145,904
School Administration	404,688	404,688	-	374,841	(29,847)
Community Services	-	-	-	10,433	10,433
Food Services	35,000	35,000	-	49,860	14,860
Fiscal Services	25,000	25,000	-	59,683	34,683
Pupil Transportation	39,240	39,240	-	72,207	32,967
Operation of Plant	455,361	455,361	-	395,678	(59,683)
Maintenance of Plant	-	-	-	1,833	1,833
Debt Service:		-			
Principal	252,000	252,000	-	76,230	(175,770)
Interest	-	-	-	17,872	17,872
Capital Outlay	-	-	-	189,049	189,049
Total Expenditure	**2,183,437**	**2,183,437**	**-**	**2,434,012**	**250,575**
Excess / (Deficiency) of Revenues Over Expenditures	**(199,604)**	**(199,604)**	-	**(1,203,036)**	**(1,003,432)**
Unusual or Infrequent Items					
Insurance Recoveries	**-**	**-**	-	**635,375**	**635,375**
Employee Retention Credit	**-**	**-**	-	**257,978**	**257,978**
Total Unusual or Infrequent Items	**-**	**-**	**-**	**893,353**	**893,353**
Net Changes in Fund Balances	**$ (199,604)**	**$ (199,604)**	**$ -**	**$ (309,683)**	**$ (110,079)**

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
D/B/A INNOVATION ACADEMY SRQ
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance - Original to Final Budget	Actual Amounts	Variance - Final to Actual Budget
Revenue					
Federal Sources	$ 88,000	$ 88,000	$ -	$ 85,000	$ (3,000)
Total Revenue	**88,000**	**88,000**	**-**	**85,000**	**(3,000)**
Expenditure					
Current:					
Instruction	-	-	-	66,450	66,450
Instruction Support Services	-	-	-	18,550	18,550
Total Expenditure	**-**	**-**	**-**	**85,000**	**85,000**
Net Changes in Fund Balances	**$ 88,000**	**$ 88,000**	**$ -**	**$ -**	**$ (88,000)**

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
D/B/A INNOVATION ACADEMY SRQ
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA)
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

NOTE 1 - BUDGETARY BASIS ACCOUNTING

The School formally adopted a budget for the fiscal year ended June 30, 2026. Budgeted amounts may be amended by resolution of the Board of Directors. Budgets are presented on the modified accrual basis of accounting. The School's legal level of budgetary control is the function level within each fund. The School did not amend its original budget during the year, and accordingly the original and final budget amounts are the same.

The budgetary comparison schedules present the original budget, the final budget, actual amounts on the budgetary basis, and separate columns for the variance between the original and final budget amounts and the variance between the final budget amounts and actual results. The School does not adopt a budget for the Capital Projects Fund.

NOTE 2 – EXPLANATION OF SIGNIFICANT VARIATIONS

Final budget to actual – General Fund
Actual revenue was $752,857 below the final budget, principally because local sources were $308,407 against a budget of $1,016,400, a shortfall of $707,993 reflecting lower than anticipated contributions and fundraising. State sources were $49,163 below the final budget, and federal sources were $4,299, for which no budget was adopted.

Actual expenditure exceeded the final budget by $250,575 in total and by $515,876 at the function level, the School’s legal level of budgetary control. The principal variances were capital outlay of $189,049, General Administration of $145,904 and debt service interest of $17,872, none of which were budgeted, together with overspending on Board Services of $37,202, Fiscal Services of $34,683, Pupil Transportation of $32,967 and Instruction of $28,608. These were partially offset by favorable variances on debt service principal of $175,770, Operation of Plant of $59,683 and School Administration of $29,847.

Unusual or infrequent items of $893,353, comprising insurance recoveries of $635,375 and Employee Retention Credit proceeds of $257,978, were recognized during the year. No amount was budgeted, as the timing and amount of the settlement and of the credit were not known when the budget was adopted.

Final budget to actual – Special Revenue Fund
Actual revenue was $3,000 below the final budget. Actual expenditures of $85,000 exceeded the final budget, for which no expenditures were appropriated. Federal grant expenditures in this fund are reimbursement based, and revenue recognized equals expenditures incurred.

OTHER REQUIRED REPORTS

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

To the Board of Directors
Suncoast School for Innovative Studies, Inc.
d/b/a Innovation Academy SRQ
Sarasota, 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 Suncoast School for Innovative Studies, Inc. d/b/a Innovation Academy SRQ (the School), as of and for the fiscal year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 19, 2026. That report includes emphasis-of-matter paragraphs describing the School's adoption of GASB Statement No. 103, prior period adjustments, and financial condition.

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, and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Recommendations, we did identify certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

We consider the deficiencies described in the accompanying Schedule of Findings and Recommendations as items 2026-001, 2026-002, 2026-003 and 2026-004 to be material weaknesses.

We consider the deficiency described in the accompanying Schedule of Findings and Recommendations as item 2026-005 to be a significant deficiency.

School's Response to Findings

The School's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Recommendations. The School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Report on Compliance and Other Matters

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

Purpose of this Report

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



Thomas & Company, CPA, PA
Cooper City, Florida
October 19, 2026

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
D/B/A INNOVATION ACADEMY SRQ
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA)
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2026

FINANCIAL STATEMENT FINDINGS

2026-001: Material Weakness in Controls – Financial Close and Reporting Process

Criteria: Section 1002.33(9), Florida Statutes, and Section 10.855, Rules of the Auditor General, require the School to maintain accounting records and prepare financial statements in accordance with accounting principles generally accepted in the United States of America, reviewed by a member of management independent of the preparer before they are presented for audit.

Condition: The trial balance presented for audit required audit-proposed entries restating beginning net position by $127,006 and beginning fund balance by $177,769 across ten errors, including:

- capital additions of $189,049 charged to operating expense;
- a five-year facility lease commencing July 1, 2025 not recorded, requiring recognition of a right-to-use asset and lease liability of $820,305;
- no liability for compensated absences recognized at any date; and
- notes payable to a former member of the Governing Board exceeding the executed promissory notes by $30,118.

No management review control operated over the close, and responsibility for contracted accounting services changed mid-year from Building Hope, Inc. to School Financial Services effective April 1, 2026.

Cause: The School had not established a documented close process, and no member of management independent of the preparer reviewed the trial balance or the draft financial statements. Responsibility was divided between two external providers without a formal handover.

Effect: Beginning net position and beginning fund balance were materially misstated, and the financial statements required material adjustment before they could be reported in accordance with accounting principles generally accepted in the United States of America.

Recommendation: We recommend that the School adopt a written close procedure requiring reconciliation of all balance sheet accounts, a schedule of capital asset additions, and a review of contracts and borrowings entered into during the period, and that a member of management independent of the preparer evidence review of the trial balance and the draft financial statements before they are presented for audit.

Repeat Finding: This is not a repeat finding.

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2026-002: Material Weakness in Controls – Segregation of Duties over Payroll and Disbursements and Compensation of Related Parties

Criteria: Internal controls should ensure that key financial duties — initiating transactions, approving them, holding custody of assets and recording them — are performed by different individuals. Transactions with related parties, including their compensation, should be approved by a party independent of the related party, and compensation of the chief executive should be approved by the governing body and recorded in its minutes.

Condition: During the year under audit, duties over payroll and disbursements were concentrated in a single individual. The Head of School authorized payroll, approved employee time records, approved the payroll register and electronically signed payroll disbursements, for which a single signature was required. No review of changes to payroll records was performed by a person independent of the approver. A member of the Head of School's immediate family was employed by the School and was paid through that same process; the School was unable to demonstrate that his time records or pay rate had been approved by any person independent of the Head of School. For manually written checks, the same individual authorized the invoice, prepared the check, held the unused check stock, signed the check and mailed it. Payments were also made to the Head of School under earnings codes which did not correspond to the compensation and bonus structure approved by the Governing Board on July 28, 2025.

Cause: The School had a small administrative staff and had not implemented compensating controls, such as independent review of the payroll register and of payments to related parties by a member of the Governing Board or its Finance Committee, to mitigate the concentration of duties.

Effect: Transactions, including the compensation of the chief executive and of a member of her immediate family, could be initiated, approved and disbursed without independent review. There is an increased risk that errors, unauthorized payments or misappropriation could occur and remain undetected.

Recommendation: We recommend that the School separate the preparation of disbursements from their approval and signature, require a second signature on manually written checks, and have the payroll register and the time records and pay rate of any employee related to the Head of School or to a member of the Governing Board approved by a person independent of the Head of School.

Repeat Finding: This is not a repeat finding.

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2026-003: Material Weakness in Controls – Related Party Transactions with a Member of the Governing Board

Criteria: Section 1002.33, Florida Statutes, and the School's bylaws require that transactions between the School and members of its Governing Board be approved by the Governing Board. GASB Statement No. 62 requires that transactions be recorded in accordance with their substance. Loans to and from an entity should be evidenced by a written instrument executed at the time of the transaction and recorded at the amount of that instrument.

Condition: During the years ended June 30, 2025 and 2026 the School received advances from, made repayments to, and recorded the forgiveness of debt in favor of an individual who served as President of the Governing Board from execution of the current charter in 2023 until September 2025. No minute of the Governing Board was provided evidencing approval of any advance, any repayment or the forgiveness. The classification of amounts received as between loans and contributions was determined after the transactions had occurred, on the instruction of the related party. The balance recorded in the School's records exceeded the five executed promissory notes by $30,118, and a repayment of $30,000 made in July 2025 had been charged to debt service expenditure because no corresponding liability was carried in the general ledger. No interest had been recorded on the notes. These matters were corrected by audit adjustment to beginning fund balance and by the accrual of interest.

Cause: The School had no policy governing transactions with members of its Governing Board, and the individual who was party to the transactions chaired the body responsible for approving them.

Effect: The School's records did not reflect the substance of transactions with a member of its Governing Board. The liability to the related party was misstated by $30,118 and $30,000 of expenditure was misclassified. Amounts were advanced to and repaid by the School without the approval of the body charged with its governance, and the related party determined the accounting treatment of his own transactions.

Recommendation: We recommend that the Governing Board adopt a written related party transaction policy requiring advance Board approval of any transaction with a Board member, with the interested member abstaining, and that all such transactions be evidenced by a written instrument executed at the time of the transaction and recorded at that amount.

Repeat Finding: This is not a repeat finding.

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2026-004: Material Weakness in Controls – Compensated Absences

Criteria: GASB Statement No. 101, Compensated Absences, effective for fiscal years beginning after December 15, 2023, requires a liability to be recognized for leave that is attributable to services already rendered, that accumulates, and that is more likely than not to be used for time off or otherwise paid or settled. The liability is measured using an employee's pay rate in effect at the date of the financial statements, together with salary-related payments.

Condition: No liability for compensated absences had been recognized at June 30, 2026 or at any earlier date. Management asserted that no liability arose, based on a field in the payroll system which reported a liability amount of $0.00 for every employee; pay rates had not been loaded into the accrual module of that system. The School's Employee Handbook provides that a maximum of 200 hours of accrued and unused paid time off may be carried forward from one fiscal year to the next, and the payroll system's own accrual report shows a balance carried forward for every participating employee at July 1, 2025 together with substantial hours taken during the year. Audit computation identified an unrecorded liability of $30,547 at June 30, 2026, of which $29,721 related to periods before the year under audit.

Cause: The School had no process for identifying, measuring or recording a liability for compensated absences, and relied on an uncalibrated field in its payroll system rather than on its own leave policy and leave records.

Effect: The liability for compensated absences was understated by $30,547 and beginning net position was overstated by $29,721. Both amounts were recorded by audit adjustment. The amount exceeded tolerable misstatement for the engagement.

Recommendation: We recommend that the School establish a process to identify, measure and record its liability for compensated absences at each reporting date, using leave balances from its own records extended at the pay rates then in effect together with salary-related payroll taxes.

Repeat Finding: This is not a repeat finding.

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2026-005: Significant Deficiency in Controls – Budgetary Control

Criteria: Section 1002.33(9), Florida Statutes, and Section 10.855, Rules of the Auditor General, contemplate that the School adopt an annual budget and monitor actual results against it. The School's legal level of budgetary control is the function level within each fund. Where actual results diverge materially from the budget adopted, the governing body should approve an amended budget.

Condition: Actual results for the year differed materially from the budget originally adopted, including expenditures exceeding budget at the function level by $515,876 in aggregate, and no amended budget was adopted by the Governing Board during the year. Management stated that budget to actual variances were reviewed and recorded in the minutes of the Finance Committee; those minutes were not provided for our inspection.

Cause: The School had no written policy requiring the budget to be amended when actual results diverge materially from the amounts adopted.

Effect: The Governing Board did not formally re-authorize expenditure in excess of the amounts it had originally approved, and the budgetary comparison schedules report variances which were not addressed by a budget amendment.

Recommendation: We recommend that the School adopt a written budget policy requiring an amended budget to be presented to the Governing Board whenever actual or projected results differ materially from the adopted budget at the function level, supported by a monthly budget to actual comparison reviewed by the Finance Committee.

Repeat Finding: This is not a repeat finding.

Thomas & Company, CPA, PA
Certified Public Accountants and Business Consultants

MANAGEMENT LETTER
IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Board of Directors
Suncoast School for Innovative Studies, Inc.
d/b/a Innovation Academy SRQ
Sarasota, Florida

Report on Financial Statements

We have audited the financial statements of Suncoast School for Innovative Studies, Inc. d/b/a Innovation Academy SRQ (the School), as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated October 19, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards.* Disclosures in that report, which is dated October 19, 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. The preceding annual financial audit report included a finding regarding the School's deteriorating financial condition, reported therein as finding 2024-1. The condition has not been resolved and is reported again as finding 2026-006 in this management letter.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title assigned by the Florida Department of Education of the entity is Suncoast School for Innovative Studies, Inc. d/b/a Innovation Academy SRQ. The school code assigned to the school is 0081.

Financial Condition and Management's Response

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Our assessment indicates that the School's financial condition is deteriorating. Management's plans are disclosed in Note 14 to the financial statements.

2026-006 Deteriorating Financial Condition

Finding

At June 30, 2026 the School reported a deficit net position of $184,226 and a deficit fund balance of $13,309 in the General Fund. Results for the year include non-recurring insurance and Employee Retention Credit proceeds of $893,353, without which the School would have reported an operating deficit of approximately $994,503. Student membership of 77 unweighted full-time equivalent students compares with average daily enrollment of 98 students reported for the prior year, and the approved budget for fiscal 2027 assumes 70 students. During the year the School obtained short-term borrowings on more than one occasion to meet payroll obligations.

Recommendation

We recommend that the School continue to implement the financial improvement plan submitted to the District, with particular emphasis on increasing student enrollment, controlling operating costs, and establishing a cash reserve sufficient to meet payroll without recourse to short-term borrowing.

Management Response

Management acknowledges the conditions described. The School has submitted a financial improvement plan to the District, and the Finance Committee meets biweekly and reports on progress to the Governing Board. The fiscal 2027 budget was approved on the basis of 70 unweighted full-time equivalent students. Management is reviewing the enrollment information issued by the Sponsor and will present a revised budget to the Governing Board if actual enrollment differs materially from the level budgeted.

The School's principal obligations have been stabilized: the bank note was renewed after year end in the same principal amount, the related party notes do not mature before September 2028, and the landlord has agreed to defer past due rent. Management will continue enrollment, fundraising and grant activity, and will build a cash reserve sufficient to meet payroll without recourse to short-term borrowing as operating results permit.

Transparency

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

Other Matters

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 have the following recommendation:

Information returns for non-employee compensation — During the year the School made payments to a bookkeeping contractor and to a contractor providing counseling services, each of which exceeded the $600 calendar-year reporting threshold. Management confirmed that Forms 1099-NEC and the related Form 1096 were not issued for calendar year 2025. We recommend that the School identify all payments to non-employees exceeding $600 in each calendar year, obtain Forms W-9 prior to payment, and file the required information returns by the January 31 deadline.

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we noted the following:

- The School did not provide a copy of its annual financial audit to the Sponsor by September 30 as required by Section 4.H.3.iv of the charter contract. This matter is described as finding 2026-007 above.

- The School was unable to demonstrate that the employment of a relative of the Head of School had been disclosed to the Sponsor within 10 business days as required by Section 10.F of the charter contract. This matter is described as finding 2026-008 above.

2026-007 Untimely Submission of the Annual Financial Audit to the Sponsor

Finding

Section 4.H.3.iv of the charter contract requires the School to provide a copy of its annual financial audit, including any School responses to audit findings, to the Sponsor no later than September 30. The annual financial audit report for the fiscal year ended June 30, 2026 is dated October 19, 2026, and the School did not provide its annual financial audit to the Sponsor by September 30, 2026. The School had not established a timetable for its annual close and audit that would allow the report to be provided by that date, and the condition of the accounting records presented for audit, described as finding 2026-001 in the accompanying Schedule of Findings and Recommendations, extended the time required to complete the audit. As a result, the Sponsor did not receive the School's annual financial audit within the time required by the charter contract.

Recommendation
We recommend that the School adopt a written annual close and audit timetable at the beginning of each fiscal year, identifying the date by which the accounting records are to be closed and reconciled, the date by which those records are to be made available to the auditor, and the date by which the audit report is to be provided to the Sponsor.

Management Response
Management acknowledges the finding. The School will adopt an annual close and audit timetable at the start of each fiscal year so that the audit report can be provided to the Sponsor by September 30. The Finance Committee will monitor progress against the timetable at its biweekly meetings and report to the Governing Board.

2026-008 Required Disclosure of Employment of Relatives to the Sponsor

Finding
Section 10.F of the charter contract requires that, where a relative as defined in Section 1002.33(7)(a)18., Florida Statutes, is employed after execution of the Charter, the School disclose that employment to the District within 10 business days. The Charter as executed discloses no such relatives, recording "N/A" against the schedule of relatives employed at that date. During the year under audit a member of the immediate family of the Head of School was employed by the School. The School was unable to provide evidence that the employment had been disclosed to the Sponsor, and maintained no register of the notifications required by the charter contract against which such a disclosure could be identified or evidenced. As a result, a disclosure required by the charter contract was not evidenced as having been made within the time required, and the Sponsor was not placed on notice of a relationship the Charter requires it to be informed of.

Recommendation
We recommend that the School establish a register of all notifications required by the charter contract, recording for each the nature of the notification, the date on which the obligation arose, the date of submission to the Sponsor, and the evidence of submission retained. We further recommend that the register be reviewed at the commencement of each fiscal year and whenever a new employee is engaged, so that the 10 business day requirement of Section 10.F is identified and met.

Management Response
Management acknowledges the finding. The School will establish a register of all notifications required by the charter contract, including the employment of relatives, recording the date of each submission to the Sponsor and retaining evidence of submission. The Board President will confirm annually to the Governing Board that all notifications required by the charter contract have been made and evidenced.

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, the School's management and the District School Board of Sarasota County and is not intended to be and should not be used by anyone other than these specified parties.



Thomas & Company, CPA, PA
Cooper City, Florida
October 19, 2026

innovation ACADEMY SRQ

FY2026 AUDIT CORRECTIVE ACTION PLAN

Innovation Academy SRQ | Board review draft | Prepared October 17, 2026

Basis: FY2026 DRAFT independent audit, including findings 2026-001 through 2026-008 and the separate information-return recommendation. This implementation plan supplements, not silently replacing, the CAP language printed in the draft audit. Auditor, counsel, and Board should reconcile any revised dates, roles, or wording before submission.

Purpose and Operating Principles

Correct historical errors; install controls immediately where feasible; document evidence that each control operates; and provide transparent, dated progress reporting. The Board retains oversight, the Interim Head of School supervises operations, School Financial Services (SFS) prepares accounting work, and the Finance Committee performs independent review. No one person should initiate, approve, record, and disburse the same transaction.

Milestones

- Days 0–7 (by Oct. 24): Board designates owners; freezes unapproved related-party transactions; implements independent payroll review and dual-control check process; establishes evidence folder and weekly cash report.
- Days 8–15 (by Nov. 1): Board adopts core policies; complete initial payroll/related-party review; launch monthly-close checklist, leave accrual schedule, and compliance calendar.
- Days 16–30 (by Nov. 16): Complete reconciliations and updated 13-week cash forecast; approve amended budget if warranted; submit first CAP status report.
- Days 31–60 (by Dec. 16): Test two payroll cycles and one monthly close; resolve exceptions; obtain written loan balance confirmations and review prior minutes; update District on progress.
- Days 61–90 (by Jan. 15, 2027): Independent Finance Committee sample testing; Board evaluates unresolved issues and approves follow-up actions; establish routine quarterly testing through June 30, 2027.

Finding-by-finding corrective actions

2026-001 | Financial close and reporting | Material weakness

Accountable owner: Head of School + SFS; Finance Committee reviewer

Action: Within 15 days: adopt a month-end close checklist, chart of account ownership and reconciliation signoffs. SFS reconciles cash, payables, debt, leases, capital assets, and compensated absences monthly. Independent Head of School/Finance Committee designee signs off on trial balance and statements. Formalize accounting-provider handoff records.

Evidence of completion: Signed monthly close checklist; bank and balance-sheet reconciliations; lease/debt and fixed-asset schedules; review signoff.

Target / monitoring: First close within 30 days; monthly thereafter; year-end pre-audit review.

2026-002 | Payroll, disbursements and related-party compensation | Material weakness

Accountable owner: Board President + Finance Committee Chair; operations executes

Action: Effective immediately: independent Finance Committee reviewer approves each payroll register and payroll changes before release; Head of School does not approve own pay or relatives' pay. Separate invoice approval, check preparation, signature and mailing; require two authorized signatures on manual checks. Board preapproves executive compensation and documents minutes. Review historical exceptions with counsel and auditor.

Evidence of completion: Payroll register approval logs; access-rights list; dual-signature check samples; compensation resolutions; exception log.

Target / monitoring: Interim controls within 7 days; formal policy within 15; quarterly sampling.

2026-003 | Former Board member transactions | Material weakness

Accountable owner: Board President + SFS; counsel advises

Action: Within 15 days: adopt conflict/related-party transaction policy requiring prior disinterested Board approval, interested-party abstention, executed contemporaneous agreements, and accurate classification. Within 30 days: assemble all notes, transfers, forgiveness records and minutes; independently reconcile the reported $30,118 discrepancy and seek written balance confirmation. Escalate unresolved amounts without assuming wrongdoing.

Evidence of completion: Approved policy and minutes; transaction ledger; executed notes; reconciliation; written confirmations; resolution of exceptions.

Target / monitoring: Policy within 15 days; reconciliation within 30–45 days; quarterly review.

2026-004 | Compensated absences | Material weakness

Accountable owner: Director of Operations + SFS; Head of School reviews

Action: Load pay rates into payroll leave module; validate accrual balances and handbook carryover rules; calculate liability from eligible hours, rates and employer payroll taxes; record and reconcile liability at each reporting date.

Evidence of completion: Payroll configuration report; employee leave schedule; calculation and journal entry; reviewer signoff.

Target / monitoring: Initial calculation within 30 days; monthly check and year-end certification.

2026-005 | Budgetary controls | Significant deficiency

Accountable owner: Finance Committee Chair + Head of School + SFS

Action: Adopt written material-variance trigger and function-level review. Prepare monthly budget-to-actual report with explanations and corrective actions. Submit amended budget for Board approval when thresholds are exceeded; retain Finance Committee minutes.

Evidence of completion: Board-approved budget policy and amendment; monthly variance package; minutes and action tracker.

Target / monitoring: Policy within 15 days; first report within 30; monthly thereafter.

2026-006 | Deteriorating financial condition | Management letter

Accountable owner: Board Finance Committee + SFS + development leadership

Action: Build rolling 13-week cash forecast and monthly 12 month outlook using conservative enrollment and documented expenses. Reconcile $430,000 donor commitments against amounts already budgeted; separately show restricted/conditional pledges, anticipated $150,000 fundraising and proposed $100,000 LOC (debt, not revenue). Maintain payroll/rent/food-service priority schedule; track enrollment and Survey 3 scenarios without treating projected FTE as guaranteed. Document merger discussions only as prospective.

Evidence of completion: Board-approved revised budget; donor letters; cash forecast and actual-to-forecast variance; enrollment report; lender status; reserve targets.

Target / monitoring: Weekly liquidity review starting within 7 days; Board forecast within 30; monthly refresh.

2026-007 | Late annual audit submission | Charter compliance

Accountable owner: Board President + SFS + audit liaison

Action: Immediately confirm the FY2026 final audit filing deadline and evidence of delivery; do not hold required filing for supplemental CAP materials. Create annual calendar with accounting close, audit fieldwork, Board review, and sponsor submission milestones ahead of Sept. 30. Track exceptions and escalate slippage early.

Evidence of completion: Submission receipts; audit calendar; engagement and deliverables tracker; Board monitoring minutes.

Target / monitoring: Immediate FY2026 filing confirmation; FY2027 calendar within 15 days.

2026-008 | Relative employment disclosure | Charter compliance

Accountable owner: Board President + HR/Operations

Action: Establish related-party/relative disclosure questionnaire at hiring and annually; maintain sponsor notification register with 10-business-day clock, date sent, and receipt evidence. Review historical records with counsel; if proof of prior notice is missing, determine appropriate corrective disclosure without backdating.

Evidence of completion: Employee declarations; disclosure register; dated sponsor correspondence and receipt; Board annual certification.

Target / monitoring: Register and process within 15 days; each hire thereafter.

Additional recommendation | 1099-NEC / 1096 reporting

Accountable owner: SFS + Operations; tax preparer reviews

Action: Review 2025 nonemployee payments, obtain W-9s, determine required late/corrective filings with tax adviser, and create vendor onboarding and annual January filing calendar. Verify current IRS thresholds before future-year filings.

Evidence of completion: Vendor payment register; W-9 files; tax adviser instructions; filed return confirmations.

Target / monitoring: Historical review within 30 days; calendar within 15 days.

Monitoring and reporting

- A single CAP tracker records finding, ta… over… (planned / in progress / implemented / tested), evid… e link, exceptio…, and next action.
- Finance Committee meets biweekly d… g the fi… 90 d… eported to the Board monthly. For each control, "imple… …eans the committee inspected a con… …tested" means …
- The Board reviews unresolved hi… cri… …counsel separately. Preserve source re… d… …allegations as established facts.
- Provide the District with the final aud… …deadline; provide a dated supplement… CAP a… …the proper channel, after counsel/au… …review.
- Any proposed change to the CAP alread… printed … …reconciled with the auditor and appro… by the board … …

Board adoption and signoff

Proposed motion: "The Governing Board … …Action Implementation Plan, directs the designated official to imp… …ment the controls, and requires biweekly Finance C… …reporting, subject to legal and auditor co… …

Board Member: _____ 10.19.26

Interim Head of School: _____ 10.19.26

Status as of preparation: Planned actions, implementation … …completion dates must be independently document…