THE SCHOOL OF ARTS AND SCIENCES
AT THE CENTRE
TALLAHASSEE, FLORIDA
(A CHARTER SCHOOL UNDER THE SCHOOL OF ARTS AND SCIENCES FOUNDATION, INC. AND COMPONENT UNIT OF LEON COUNTY SCHOOL DISTRICT)

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

JUNE 30, 2026

THE SCHOOL OF ARTS AND SCIENCES AT THE CENTRE
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2026

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THE SCHOOL OF ARTS AND SCIENCES AT THE CENTRE
(A Charter School of the School Board of Leon County, Florida)

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Tallahassee, Florida 32303
(850)999-8267

2025-2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The School of Arts and Sciences Foundation, Inc.,
A Charter School and Component Unit of the District
School Board of Leon County, Florida

Opinions

We have audited the financial statements of the governmental activities, and each major fund and the aggregate remaining fund information of The School of Arts and Sciences at the Centre (the "School"), a charter school under The School of Arts and Sciences Foundation, Inc. and a component unit of the School Board of Leon County, Florida, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of The School of Arts and Sciences at the Centre as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance and therefore is not a guarantee that an audit conducted in accordance with GAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards,* we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for

consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2026 on our consideration of The School of Arts and Sciences at the Centre's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering The School of Arts and Sciences at the Centre's internal control over financial reporting and compliance.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
October 7, 2026

Management's Discussion and Analysis
The School of Arts and Sciences
at the Centre

This discussion and analysis (MD&A) of The School of Arts and Sciences at the Centre's (the "School") financial condition provides an overview of financial activity, identifies changes in financial position and assists the reader in focusing on significant financial issues. The primary purpose of the School is to provide an educational program for approximately 450 students. It is important to the long term existence of the School to maintain its financial health. Net position is accumulated only to the extent required to ensure that there are sufficient reserve funds for future operations and for new capital needs.

The MD&A provides summary level financial information; therefore, it should be read in conjunction with the accompanying financial statements.

FINANCIAL HIGHLIGHTS

- The School's governmental funds reported combined ending fund balances of $2,648,303.
- The School's net position was $300,961 at June 30, 2026.
- Total governmental fund revenues exceeded expenditures and other financing uses by $7,422.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected funding).

Both of the government-wide financial statements distinguish functions of the School that are principally supported by school board, state, and federal funding (governmental activities) and charges for services from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School include basic instruction, instruction and development, instructional staff training, board, school administration, fiscal services, food services, transportation services, operation of plant, central services, maintenance of plant, community service, capital outlay and debt service.

The government-wide financial statements include only the School itself, which is a component unit of the Leon County School Board. The Leon County School Board includes the operations of the School in their operations.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

The School maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances in the general fund and capital fund, both of which are considered to be major funds. The general fund is not restricted by an outside source and can be

used to fund general activities. This fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital grants.

The School adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided to demonstrate compliance with this budget. Presentation of the Capital Fund is not required by GASB.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

Notes to the Financial Statements

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

CONDENSED FINANCIAL INFORMATION

The following table presents condensed, government-wide data about net position and changes in net position as of and for the years ended June 30, 2026 and 2025:

Net Position

The School of Arts and Sciences at Centre's Net Position

ASSETS	2026	2025
Current and other assets	$ 2,922,824	$ 2,757,029
Capital and right-of-use assets, net	4,607,829	4,922,046
Total assets	$ 7,530,653	$ 7,679,075
Deferred outflows of resources	$ 394,264	$ 510,043
LIABILITIES		
Current and other liabilities	$ 494,555	$ 116,148
Long-term liabilities	6,705,969	7,506,334
Total liabilities	$ 7,200,524	$ 7,622,482
Deferred inflows of resources	$ 423,432	$ 306,920
NET POSITION		
Net investment in right-of-use assets	$ (602,010)	$ (412,140)
Restricted for:		
Activites	-	2,500
Capital outlay	33,419	-
Unrestricted	869,552	669,356
Total net position	$ 300,961	$ 259,716

Changes in Net Position

The School of Arts and Sciences at Centre's Changes in Net Position

REVENUES	2026	2025
Program revenues:		
Charges for services	$ 289,324	$ 306,035
Operating grants and contributions	118,596	99,577
Capital grants and contributions	408,023	336,993
General revenues:		
Leon County School District	3,883,211	3,771,829
Contributions and miscellaneous	160,945	203,028
Total Revenues	4,860,099	4,717,462
EXPENSES		
Instruction	2,881,732	2,819,410
Instructional support services	107,607	96,467
Board expenses	24,474	18,793
School administration	526,156	489,316
Facilities and acquisition	-	319,649
Fiscal services	13,325	15,602
Food services	42,302	23,667
Central services	100,591	99,582
Student transportation services	148,640	139,187
Operation of plant	554,798	208,203
Maintenance of plant	68,084	58,827
Community services	233,023	230,367
Debt services	301,298	312,880
Total Expenses	5,002,030	4,831,950
Change in Net Position	(141,931)	(114,488)
Net Position at Beginning of Year	442,892	557,380
Net Position at End of Year	$ 300,961	$ 442,892

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, assets did exceed liabilities by $330,129 at the close of the most recent fiscal year. The $141,931 decrease in net position is primarily attributed to the School's interest payment on its outstanding lease liability.

As a result of the current fiscal year operations, the School is reporting an increase of $200,196 in unrestricted net position from governmental activities based on operating activities. The School is reporting a current year decrease of $189,870 in net investment in capital assets. This decrease is related to depreciation exceeding the acquisition of capital assets.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The fund financial statements provide detailed information about the most significant funds – not the School as a whole. Some funds are required to be established by State law. However, management may establish various funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies that it receives.

Governmental Funds

The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School's governmental funds reported combined ending fund surplus of $2,648,303.

The general fund is the chief operating fund of the School. At the end of the current fiscal year, unassigned fund surplus of the general fund was $2,610,084, a decrease of $23,497 from the prior year. The total general fund balance decreased by $23,497 during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the fiscal year, the School revises its General Fund Budget in order to deal with unexpected changes in revenue and expenditures. The Governing Board adopts its initial budget based on projected enrollment and the corresponding projected revenues. Amendments are primarily required to reflect changes in revenue estimates from the State of Florida Education Finance Program (FEFP) as actual enrollments are determined. The 2025 actual amounts compared to final budgeted amounts showed that actual expenditures were less than budgeted, contributing to the increase in fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Debt

Information on the School's debt can be found in Note 7, see table of contents for notes to the financials.

Capital and right-of-use assets

At June 30, 2026, the School had $4,607,829 invested in capital and right-of-use assets (net of depreciation and amortization), including land, construction in progress, furniture, equipment and building improvements.

	Governmental Activities June 30, 2026
Land improvements	$ 98,100
Building improvements	72,092
Furniture, fixture and equipment	22,490
Computer hardware	229,399
AV materials	15,340
Right-of-use asset	6,024,213
Accumulated depreciation and amortization	(1,853,805)
	$ 4,607,829

ECONOMIC FACTORS

During the course of the fiscal year, the School revises its General Fund Budget in order to deal with unexpected changes in revenue and expenditures. The Governing Board adopts its initial budget based on projected enrollment and the corresponding projected revenues. Amendments are primarily required to reflect changes in revenue estimates from the State of Florida Education Finance Program (FEFP) as actual enrollments are determined. The 2025 actual amounts compared to final budgeted amounts showed that actual expenditures were less than budgeted, contributing to the increase in fund balance.

The economic position of the School for general operating is closely tied to that of the State. The formula for determining funding for education is set by Statute. State funds to charter schools are provided primarily by legislative appropriations from the State's general revenue funds under the Florida Education Finance Program (FEFP), and the State funding for operations is primarily from sales, gasoline, and corporate income taxes. Additionally, the level of tourism in the State heavily influences the amount of taxes collected. Significant changes in State revenue collections could directly impact future School revenue allocations.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of The School of Arts and Sciences at the Centre's finances for all those with an interest in the school's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The School of Arts and Sciences at the Centre, 3208 Thomasville Road, Tallahassee, FL 32308.

THE SCHOOL OF ARTS AND SCIENCES AT THE CENTRE
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS	
Cash and cash equivalents	$ 2,869,305
Accounts receivables	15,300
Due from District	33,419
Deposits	4,800
TOTAL CURRENT ASSETS	2,922,824
NON-CURRENT ASSETS	
Right-of-use assets, net	4,524,409
Capital assets, net	83,420
TOTAL NON-CURRENT ASSETS	4,607,829
TOTAL ASSETS	7,530,653
DEFERRED OUTFLOWS OF RESOURCES	394,264
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 7,924,917
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 4,860
Due to SAST	269,661
Lease liability, current portion	220,034
TOTAL CURRENT LIABILITIES	494,555
NON-CURRENT LIABILITIES	
Compensated absences	146,438
Lease liability, non-current portion	4,906,385
Net pension liability	1,653,146
TOTAL NON-CURRENT LIABILITIES	6,705,969
TOTAL LIABILITIES	7,200,524
DEFERRED INFLOWS OF RESOURCES	423,432
NET POSITION	
Investment in right-of-use assets, net of related debt	(602,010)
Restricted	33,419
Unrestricted net position	869,552
TOTAL NET POSITION	300,961
TOTAL LIABILITIES, DEFERRED OUTFLOWS, AND NET POSITION	$ 7,924,917

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

THE SCHOOL OF ARTS AND SCIENCES AT THE CENTRE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) and Changes in Net Assets
Governmental Activities:					
Instruction	$ 2,881,732	$ -	$ 118,596	$ 108,850	$ (2,654,286)
Instructional support services	107,607	-	-	-	(107,607)
Board expenses	24,474	-	-	-	(24,474)
School administration	526,156	-	-	-	(526,156)
Facilities and acquisition	-	-	-	-	-
Fiscal services	13,325	-	-	-	(13,325)
Food services	42,302	776	-	-	(41,526)
Central services	100,591	-	-	-	(100,591)
Student transportation services	148,640	-	-	-	(148,640)
Operation of plant	554,798	-	-	299,173	(255,625)
Maintenance of plant	68,084	-	-	-	(68,084)
Community services	233,023	288,548	-	-	55,525
Debt services	301,298	-	-	-	(301,298)
Total Governmental Activities	$ 5,002,030	$ 289,324	$ 118,596	$ 408,023	$ (4,186,087)

GENERAL REVENUES:	
Revenues from state sources	3,883,211
Grants and contributions not restricted to specific programs	52,230
Interest and other revenue	108,715
Total general revenues	4,044,156
Change in Net Position	(141,931)
NET POSITION - BEGINNING	442,892
NET POSITION - ENDING	$ 300,961

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

THE SCHOOL OF ARTS AND SCIENCES AT THE CENTRE
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 2,869,305	$ -	$ -	$ 2,869,305
Accounts receivables	15,300	-	-	15,300
Due from District	-	33,419	-	33,419
Deposits	4,800	-	-	4,800
TOTAL ASSETS	$ 2,889,405	$ 33,419	$ -	$ 2,922,824
LIABILITIES AND FUND BALANCES				
Accounts payable and accrued expenses	$ 4,860	$ -	$ -	$ 4,860
Due to SAST	269,661	-	-	269,661
TOTAL LIABILITIES	274,521	-	-	274,521
FUND BALANCE				
Nonspendable				
Deposits	4,800	-	-	4,800
Restricted	-	33,419	-	33,419
Unassigned	2,610,084	-	-	2,610,084
TOTAL FUND BALANCE	2,614,884	33,419	-	2,648,303
TOTAL LIABILITIES AND FUND BALANCE	$ 2,889,405	$ 33,419	$ -	$ 2,922,824

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

THE SCHOOL OF ARTS AND SCIENCES AT THE CENTRE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2026

Total Fund Balance - Governmental Funds	$ 2,648,303
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term liabilities, including compensated absences, are not due and payable in the current period and , therefore, are not reported in the funds.	(146,438)
Right-of-use assets and lease liabilities used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Right-of-use asset	6,024,213
Accumulated amortization	(1,499,804)
Lease liability	(5,126,419)
Capital assets, net of accumulated depreciation used in governmental activities are not financial resources and, therefore, are not reported in the fund.	
Capital assets being depreciated	437,421
Accumulated depreciation	(354,001)
Net pension liability and related deferred inflows/outflows are not due and payable in the current period and, therefore, are not reported in the funds.	
Deferred outflows related to pensions	394,264
Net pension liability	(1,653,146)
Deferred inflows related to pensions	(423,432)
Total Net Position - Governmental Activities	$ 300,961

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

THE SCHOOL OF ARTS AND SCIENCES AT THE CENTRE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Intergovernmental				
Florida education finance program	$ 3,883,211	$ -	$ -	$ 3,883,211
Capital outlay funds	-	408,023	-	408,023
Federal through local	-	-	118,596	118,596
Local	450,269	-	-	450,269
TOTAL REVENUES	4,333,480	408,023	118,596	4,860,099
EXPENDITURES				
Current:				
Instruction	2,726,428	-	121,096	2,847,524
Instructional support services	107,607	-	-	107,607
Board expenses	24,474	-	-	24,474
School administration	489,427	-	-	489,427
Facilities and acquisition	-	17,015	-	17,015
Fiscal services	13,325	-	-	13,325
Food services	42,302	-	-	42,302
Central services	100,591	-	-	100,591
Student transportation services	148,640	-	-	148,640
Operation of plant	254,837	-	-	254,837
Maintenance of plant	68,084	-	-	68,084
Community services	229,786	-	-	229,786
Debt services:				
Interest	-	301,298	-	301,298
Redemption of principal	-	207,767	-	207,767
TOTAL EXPENDITURES	4,205,501	526,080	121,096	4,852,677
Excess of revenues over expenditures	127,979	(118,057)	(2,500)	7,422
OTHER FINANCING SOURCES				
Transfers in (out) from funds	(151,476)	151,476	-	-
Total other financing sources	(151,476)	151,476	-	-
Net change in fund balance	(23,497)	33,419	(2,500)	7,422
Fund balance at beginning of year	2,638,381	-	2,500	2,640,881
Fund balance at end of year	$ 2,614,884	$ 33,419	$ -	$ 2,648,303

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

THE SCHOOL OF ARTS AND SCIENCES AT THE CENTRE
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Change in Fund Balance - Governmental Funds	$	7,422
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense and amortization of assets exceeded capital outlays in the current period.		
Capital outlays		17,015
Depreciation expense		(31,271)
Amortization expense		(299,961)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds.		
Long-term lease liability - redemption of principle		207,767
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 governmental funds. Changes in:		
Compensated absences		5,113
Change in net pension liability and deferred inflows/outflows related to pensions		(48,016)
Change in Net Position of Governmental Activities	$	(141,931)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies of The School of Arts and Sciences at the Centre (the "School"), which affect significant elements of the accompanying basic financial statements:

Reporting Entity

The School entered into a contract with the School Board of Leon County, Florida ("Sponsor") to provide an educational program for elementary and middle school students in grades kindergarten through eighth. The School receives a majority of its funding through the Sponsor based on a formula of student attendance which is identical to that of other Leon County, Florida public elementary and middle schools. The current charter is effective through June 30, 2041, and may be renewed based on academic performance, by mutual agreement between the School and the Sponsor. At the end of the term of the charter, the Sponsor may choose not to renew the charter under grounds specified in the charter, in which case the Sponsor is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the Sponsor may also terminate the charter if good cause is shown. The School is considered a component unit of the School Board of Leon County, Florida.

The accompanying financial statements referred to above are intended to present the basic financial statements and related notes of only that portion of The School of Arts and Sciences Foundation, Inc. that is attributable to the transactions of The School of Arts and Sciences at the Centre and is not intended to, be a complete presentation of the basic financial statements and related notes of The School of Arts and Sciences Foundation, Inc., as of June 30, 2026, and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Description of Government Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, are normally supported by intergovernmental revenues, and other nonexchange transactions.

Basis of Presentation – Government Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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, liabilities, 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.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate statement for the fund category, governmental, is presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation – Fund Financial Statements (Continued)

The School reports the following major governmental funds:

General Fund: The general fund is used to record the general operations of the School pertaining to education and those operations not provided for in other funds.

During the course of operations, the School has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Amounts reported as program revenues include charges for services, operating grants and contributions, and capital grants and contributions. Items not properly included among program revenues, such as monies received from the Leon County School Board, are reported as general revenues.

All 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. Available means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. 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. The principal exceptions to this are: principal and interest on general long-term debt, which are recorded as expenditures 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. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus and basis of accounting (Continued)

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

Budgetary information

The budgetary process is prescribed by provisions of the laws of Florida and requires the governing board to adopt an operating budget each year. The School's governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenues and expenditures primarily resulting from events unknown at the time of budget adoption.

The amounts reported as the original budgeted amounts in the budgetary statements reflect anticipated revenue and expense amounts at the time the budget was adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

Deposits

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as deposits in both the government wide and fund financial statements. The cost of deposits is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets are defined by the School as assets with an initial individual cost of at least $1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is not capitalized.

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

Asset Class	Estimated Useful Lives
Land improvements	8-35
Building and improvements	10-50
Furniture, fixture and equipment	3-10
AV materials	3-5

Accrued compensated absences

It is the School's policy to permit employees to accumulate earned but unused vacation and sick benefits. The School recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities fund type statement of net position.

Fund Balance

Net position flow assumption: Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions: Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies: Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's highest level of decision-making authority. The School Board is the highest level of decision-making authority for the School that can, by passing a motion prior to the end of the fiscal year, commit fund balance.

Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the School for specific purposes but do not meet the criteria to be classified as committed. The School Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, additional action is essential to either remove or revise a commitment.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue sources

Revenues for current operations are received primarily from the Leon County School Board 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 Leon County School Board. Under the provisions of Section 1011.62, Florida Statutes, the Leon County School Board reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during designated FTE student survey periods.

The School may receive federal and state awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These awards may have eligibility requirements whereby the issuance of grant funds is withheld until such eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) have been determined on the same basis as they are reported by FRS and actuary, respectfully. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred outflows/inflows of resources

In addition to assets and liabilities, the statement of financial position will, if required, report a separate section for deferred outflows of resources and deferred inflows of resources, respectfully. These separate financial statement elements, deferred outflows/inflows of resources, represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow/inflow of resources expense/expenditure or revenue) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note 8.

Leases

The School leases a building. The School determines if an arrangement is a lease at inception. The School recognize intangible right-of-use (ROU) assets and corresponding lease liabilities for all leases that are not considered short-term. ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Basis of lease classification – Leases that meet the following requirements will not be considered short term: (1) the maximum possible lease term(s) is non-cancelable by both lessee and lessor, and is more than 12 months.

Discount Rate – Unless explicitly stated in the lease agreement, known by the School, or the School is able to determine the rate implicit within the lease, the discount rate used to calculate lease right-to-use assets and liabilities will be the School's estimated borrowing rate at the time of lease inception.

NOTE 2 – SIGNIFICANT FUNDING SOURCE

The School receives a substantial amount of its funding from the Leon County School Board. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the School's programs and activities.

NOTE 3 – DEPOSITS

Custodial credit risk-deposits: In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned. At year end, the carrying amount of the School's deposits was $2,869,305 and the bank balance was $2,630,831. Of the bank balance, $250,000 was covered by Federal depository insurance or by collateral held by the School's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

The carrying amount of deposits consisted of the following as of June 30, 2026:

Cash and cash equivalents	$ 2,869,305

NOTE 4 – CAPITAL ASSETS

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

Capital Assets, depreciable:	Balance July 1, 2025	Additions	Deletions/Transfers	Balance June 30, 2026
Land improvements	$ 98,100	$ -	$ -	$ 98,100
Building improvements	72,092	-	-	72,092
Furniture, fixture and equipment	13,486	9,004	-	22,490
Computer hardware	221,388	8,011		229,399
AV materials	15,340	-	-	15,340
Total Capital Assets	420,406	17,015	-	437,421
Less Accumulated Depreciation				
Land improvements	(82,861)	(7,635)	-	(90,496)
Building improvements	(40,323)	(5,750)	-	(46,073)
Furniture, fixture and equipment	(6,775)	(1,573)	-	(8,348)
Computer hardware	(186,911)	(13,246)	-	(200,157)
AV materials	(5,860)	(3,067)	-	(8,927)
Total Accumulated Depreciation	(322,730)	(31,271)	-	(354,001)
Capital Assets, net	$ 97,676	$ (14,256)	$ -	$ 83,420

Depreciation expense of $31,271 was charged to the function of School Administration.

NOTE 5 – RELATED PARTY TRANSACTIONS

The School of Arts and Sciences Foundation, Inc. consists of two schools, The School of Arts and Sciences at the Centre and The School of Arts and Sciences on Thomasville Road. The two related parties are under the same management team and have frequent combined transactions related to payroll expenses, utility services, and other miscellaneous expenses. At June 30, 2026, $269,661 related to payroll and other miscellaneous expenses were payable to The School of Arts and Sciences on Thomasville Road.

NOTE 6 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Loss mitigation is provided through purchased commercial insurance. Settled claims resulting from insurance coverage above have not exceeded purchased insurance coverage for the past three fiscal years.

NOTE 7 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2026, was as follows:

	Balance July 1, 2025	Net Change	Balance June 30, 2026	Due within one year
Lease liability	$ 5,334,186	$(207,767)	$ 5,126,419	$ 220,034
Compensated absences	151,551	(5,113)	146,438	-
	$ 5,485,737	$(212,880)	$ 5,272,857	$ 220,034

The School has a lease for a building which has a remaining lease term expiring in 2041.

The principal and interest requirements to maturity for the lease liability as of June 30, 2026 is as follows:

Fiscal Year Ended	Principal	Interest	Total
2027	$ 220,034	$ 289,030	$ 509,064
2028	233,024	276,040	509,064
2029	246,782	262,282	509,064
2030	261,352	247,712	509,064
2031 - 2035	1,557,260	988,060	2,545,320
2036 - 2040	2,074,543	470,777	2,545,320
2041 - 2045	533,424	18,062	551,486
	$5,126,419	$2,551,963	$7,678,382

NOTE 8 – FLORIDA RETIREMENT SYSTEM

Plan Description and Administration

The School participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the School's full-time employees. The System is a administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the School are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by $7.50. The minimum payment is $45 and the maximum payment is $225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal year's earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

NOTE 8 – FLORIDA RETIREMENT SYSTEM (CONTINUED)

Benefits Provided and Employees Covered (Continued)

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

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

Contributions

The School participates in certain classes of FRS membership. Each class had descriptions and contribution rates in effect during the year ended June 30, 2026, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2025	After June 30, 2025
Regular Class	13.63%	13.59%
DROP	21.13%	22.12%
Senior Management	34.52%	32.60%

Current-year employer HIS contributions were made at a rate of 2.00% of covered payroll, which are included in the above rates.

Actual contributions made for School employees participating in FRS and HIS for the plan year ended June 30, 2026, were as follows:

School Contributions - FRS	$ 184,771
School Contributions - HIS	$ 48,303
Employee Contributions - FRS	$ 72,455

NOTE 8 – FLORIDA RETIREMENT SYSTEM (CONTINUED)

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2026, the School reported a net pension liability related to FRS and HIS as follows:

Plan	Net Pension Liability
FRS	$ 960,426
HIS	692,720
Total	$ 1,653,146

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the School's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2026 and June 30, 2025, the School's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2026	2025
FRS	0.0030946%	0.0031324%
HIS	0.0054045%	0.0053920%

For the plan year ended June 30, 2026, pension expense was recognized related to the FRS and HIS plans as follows:

Plan	Pension Expense
FRS	$ 27,896
HIS	20,120
Total	$ 48,016

NOTE 8 – FLORIDA RETIREMENT SYSTEM (CONTINUED)

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)

Deferred Outflows/Inflows Related to Pensions

At June 30, 2026, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 102,584	$ -	$ 4,135	$ (1,099)
Changes of assumptions	111,530	-	-	(167,551)
Net difference between projected and actual investment earnings	-	(160,353)	6,131	(577)
Change in proportionate share	53,936	(76,567)	59,350	(17,286)
Contributions subsequent to measurement date	45,245	-	11,352	-
Total	$ 313,295	$ (236,920)	$ 80,968	$ (186,513)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	FRS	HIS	Total
2027	$ 164,560	$ (17,735)	$ 146,825
2028	(43,229)	(28,323)	(71,552)
2029	(55,725)	(28,594)	(84,319)
2030	(34,474)	(26,738)	(61,212)
2031	-	(15,507)	(15,507)
	$ 31,132	$ (116,897)	$ (85,765)

Actuarial assumptions

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2024 for the period July 1, 2018, through June 30, 2023. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

NOTE 8 – FLORIDA RETIREMENT SYSTEM (CONTINUED)

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)

Deferred outflows/inflows related to pensions (Continued)

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate was unchanged from the prior year rate, which was 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 5.20% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.93%. Mortality assumptions for both plans were based on the PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2021 details.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2025, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Annual Arithmetic Expected Rate of Return
Cash	1.0%	3.1%
Fixed income	29.0%	5.4%
Global equities	45.0%	8.3%
Real estate	12.0%	8.3%
Private equity	10.0%	12.7%
Strategic investments	3.0%	6.9%
Total	100.0%	

NOTE 8 – FLORIDA RETIREMENT SYSTEM (CONTINUED)

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the proportionate shares of the FRS and HIS net pension liability of the School calculated using the current discount rates, as well as what the School's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
FRS	6.70%	1,884,821	960,426	185,426
HIS	5.20%	781,153	692,720	618,552

NOTE 9 – SUBSEQUENT EVENTS

The School has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 7, 2026, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

REQUIRED SUPPLEMENTAL INFORMATION

THE SCHOOL OF ARTS AND SCIENCES AT THE CENTRE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	All Governmental Funds				
	Original Budget	Final Budget	Actual	Final to Original Budget Variance	Actual to Final Budget Variance
REVENUES					
Florida education finance program	$ 3,780,602	$ 3,956,513	$ 3,883,211	$ 175,911	$ (73,302)
Capital outlay funds	276,897	299,049	408,023	22,152	108,974
Federal through local	109,132	118,600	118,596	9,468	(4)
Local	435,400	500,400	450,269	65,000	(50,131)
TOTAL REVENUES	4,602,031	4,874,562	4,860,099	272,531	(14,463)
EXPENDITURES					
Instruction	2,558,561	2,874,561	2,847,524	316,000	(27,037)
Instructional support services	100,767	105,500	107,607	4,733	2,107
Board expenses	28,780	24,980	24,474	(3,800)	(506)
School administration	571,235	514,970	489,427	(56,265)	(25,543)
Facilities and acquisition	248,170	210,018	-	(38,152)	(210,018)
Fiscal services	304,797	313,549	30,340	8,752	(283,209)
Food services	22,500	42,300	42,302	19,800	2
Central services	97,788	100,112	100,591	2,324	479
Student transportation services	139,400	148,000	148,640	8,600	640
Operation of plant	186,050	254,650	254,837	68,600	187
Maintenance of plant	76,000	68,000	68,084	(8,000)	84
Community services	203,300	196,700	229,786	(6,600)	33,086
Debt services	-	-	509,065	-	509,065
TOTAL EXPENDITURES	4,537,348	4,853,340	4,852,677	315,992	(663)
				-	-
Change in fund balance before other financing sources	64,683	21,222	7,422	(43,461)	(13,800)
OTHER FINANCING SOURCES	-	-	-	-	-
Net change in fund balance	$ 64,683	$ 21,222	$ 7,422	$ (43,461)	$ (13,800)

See accompanying note to the required supplemental information.

THE SCHOOL OF ARTS AND SCIENCES AT THE CENTRE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund				
	Original Budget	Final Budget	Actual	Final to Original Budget Variance	Actual to Final Budget Variance
REVENUES					
Florida education finance program	$ 3,780,602	$ 3,956,513	$ 3,883,211	$ 175,911	$ (73,302)
Local	435,400	500,400	450,269	65,000	(50,131)
TOTAL REVENUES	4,216,002	4,456,913	4,333,480	240,911	(123,433)
EXPENDITURES					
Instruction	2,449,429	2,755,961	2,726,428	306,532	(29,533)
Instructional support services	100,767	105,500	107,607	4,733	2,107
Board expenses	28,780	24,980	24,474	(3,800)	(506)
School administration	571,235	514,970	489,427	(56,265)	(25,543)
Facilities and acquisition	248,170	210,018	-	(38,152)	(210,018)
Fiscal services	27,900	14,500	13,325	(13,400)	(1,175)
Food services	22,500	42,300	42,302	19,800	2
Central services	97,788	100,112	100,591	2,324	479
Student transportation services	139,400	148,000	148,640	8,600	640
Operation of plant	186,050	254,650	254,837	68,600	187
Maintenance of plant	76,000	68,000	68,084	(8,000)	84
Community services	203,300	196,700	229,786	(6,600)	33,086
TOTAL EXPENDITURES	4,151,319	4,435,691	4,205,501	284,372	(230,190)
Change in fund balance before other financing sources	64,683	21,222	127,979	(43,461)	106,757
OTHER FINANCING SOURCES					
Transfers in (out) from funds	-	-	(151,476)	-	(151,476)
Net change in fund balance	$ 64,683	$ 21,222	$ (23,497)	$ (43,461)	$ (44,719)

See accompanying note to the required supplemental information.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Statements of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual is presented using the School's budget format for the General Fund.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the Board of Directors. The budget presented for fiscal year ended June 30, 2026, has been amended according to Board procedures.

Budgets are presented on the modified accrual basis of accounting.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

THE SCHOOL OF ARTS AND SCIENCES AT THE CENTRE
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEAR AS OF JUNE 30

Florida Retirement System (FRS)	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Proportion of the net pension liability (asset)	0.003094600%	0.003132400%	0.003245200%	0.003469500%	0.003091200%	0.002435400%	0.002332400%	0.000342800%	0.000180800%	0.001367000%
Proportionate share of the net pension liability (asset)	$ 960,426	$ 1,211,745	$ 1,293,117	$ 1,290,929	$ 233,503	$ 1,055,558	$ 803,254	$ 656,018	$ 534,924	$ 345,143
Covered payroll	$ 2,441,913	$ 2,112,076	$ 2,112,076	$ 1,890,904	$ 1,622,892	$ 1,394,398	$ 1,274,036	$ 1,176,841	$ 961,611	$ 913,990
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	39.33%	57.37%	61.22%	68.27%	14.39%	75.70%	63.05%	55.74%	55.63%	37.76%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%
Health Insurance Subsidy Program (HIS)										
Proportion of the net pension liability (asset)	0.005404500%	0.005392000%	0.005329814%	0.005187600%	0.004583100%	0.004016800%	0.003808700%	0.003524900%	0.003016800%	0.002248000%
Proportionate share of the net pension liability (asset)	$ 692,720	$ 808,852	$ 846,445	$ 549,446	$ 562,187	$ 490,444	$ 426,153	$ 381,275	$ 322,572	$ 261,991
Covered payroll	$ 2,441,913	$ 2,112,076	$ 2,112,076	$ 1,890,904	$ 1,622,892	$ 1,394,398	$ 1,274,036	$ 1,176,841	$ 961,611	$ 913,990
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	28.37%	38.30%	40.08%	29.06%	34.64%	35.17%	33.45%	32.40%	33.54%	28.66%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.80%	4.12%	4.81%	3.56%	3.00%	2.15%	2.15%	1.64%	0.97%

GASB 68 requires information for 10 years.

THE SCHOOL OF ARTS AND SCIENCES AT THE CENTRE
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEAR AS OF JUNE 30

Florida Retirement System (FRS)	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	185,475	181,985	276,672	148,049	117,760	80,919	72,322	62,071	56,840	105,866
Contributions in relation to the contractually required contribution	(185,475)	(181,985)	(276,672)	(148,049)	(117,760)	(80,919)	(72,322)	(62,071)	(56,840)	(105,866)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	2,441,913	2,348,427	3,524,288	1,890,904	1,622,892	1,384,398	1,274,036	1,176,841	961,611	913,990
Contributions as a percentage of covered-employee payroll	7.60%	7.75%	7.85%	7.83%	7.26%	5.85%	5.68%	5.27%	5.91%	5.91%
Health Insurance Subsidy Program (HIS)										
Contractually required contribution	48,838	46,969	64,925	31,389	26,940	23,147	21,149	19,536	15,963	15,172
Contributions in relation to the contractually required contribution	(48,838)	(46,969)	(64,925)	(31,389)	(26,940)	(23,147)	(21,149)	(19,536)	(15,963)	(15,172)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	2,441,913	2,348,427	3,524,288	1,890,904	1,622,892	1,384,398	1,274,036	1,176,841	961,611	913,990
Contributions as a percentage of covered-employee payroll	2.00%	2.00%	1.84%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

GASB 68 requires information for 10 years.

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Michael Vildosola, C.P.A.

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

To the Board of Directors of The School of Arts and Sciences Foundation, Inc.,
A Charter School and Component Unit of the District
School Board of Leon County, Florida

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The School of Arts and Sciences at the Centre, a charter school under The School of Arts and Sciences Foundation, Inc., and a component unit of the District School Board of Leon County, Florida, as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated October 7, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The School of Arts and Sciences at the Centre'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 of Arts and Sciences at the Centre's internal control. Accordingly, we do not express an opinion on the effectiveness of The School of Arts and Sciences at the Centre's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
October 7, 2026

Verdeja • Alvarez
Certified Public Accountants & Advisors
Octavio F. Verdeja, Founder - 1971

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INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER 10.850, RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL

To the Board of Directors of The School of Arts and Sciences Foundation, Inc.,
A Charter School and Component Unit of the District
School Board of Leon County, Florida

Report on the Financial Statements

We have audited the financial statements of The School of Arts and Sciences at the Centre, a charter school under The School of Arts and Sciences Foundation, Inc. and a component unit of the District School Board of Leon County, Florida, as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated October 7, 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 Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated October 7, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are The School of Arts and Sciences at the Centre, 371402.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures to communicate whether or not The School of Arts and Sciences on Thomasville Road 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 of Arts and Sciences at the Centre 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 of Arts and Sciences at the Centre. It is management's responsibility to monitor The School of Arts and Sciences at the Centre's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine whether The School of Arts and Sciences at the Centre 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 of Arts and Sciences at the Centre maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than materiality, but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

Verdeja - Alvarez, LLP

Coral Gables, Florida
October 7, 2026

CERTIFIED PUBLIC ACCOUNTANTS