

ACHIEVEMENT ACADEMY, INC.

**Financial Statements
and Supplementary
Information**

June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

Partners

W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga

To the Board of Directors
Achievement Academy, Inc.
Lakeland, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Achievement Academy, Inc. (the "Academy") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Academy as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the Academy, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 opinion. 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.

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy'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 Academy'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2025, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 16, 2025

Achievement Academy, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,721,902	\$ 1,778,328
Restricted cash	289,280	263,676
Due from other agencies	34,579	35,109
Pledges receivable	114,771	7,051
Prepaid expenses	<u>21,481</u>	<u>26,737</u>
Total current assets	2,182,013	2,110,901
Property and equipment, net	1,254,231	1,298,923
Investments	327,892	284,792
Other assets	<u>300</u>	<u>300</u>
Total assets	<u>\$ 3,764,436</u>	<u>\$ 3,694,916</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 264,963	\$ 259,287
Total liabilities	<u>264,963</u>	<u>259,287</u>
NET ASSETS		
Without donor restrictions		
Undesignated	1,815,249	1,846,946
Net investment in property and equipment	<u>183,880</u>	<u>166,444</u>
Total net assets without donor restrictions	<u>1,999,129</u>	<u>2,013,390</u>
With donor restrictions		
Unexpended grants	144,656	101,504
Contributions restricted by donor	285,337	188,256
Net investment in property and equipment	<u>1,070,351</u>	<u>1,132,479</u>
Total net assets with donor restrictions	<u>1,500,344</u>	<u>1,422,239</u>
Total net assets	<u>3,499,473</u>	<u>3,435,629</u>
Total liabilities and net assets	<u>\$ 3,764,436</u>	<u>\$ 3,694,916</u>

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

Achievement Academy, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Grants, government	\$ 2,484,494	\$ 511,860	\$ 2,996,354
Grants, private	261,500	-	261,500
United Way	224,005	114,771	338,776
Contributions of non-financial assets	16,203	-	16,203
Contributions of cash and other financial assets	123,608	12,300	135,908
Special events	467,969	-	467,969
Program service fees	101,430	-	101,430
Net investment income	55,660	1,089	56,749
Other income	47,216	-	47,216
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>561,915</u>	<u>(561,915)</u>	-
Total support, revenue and net assets released from restrictions	<u>4,344,000</u>	<u>78,105</u>	<u>4,422,105</u>
PROGRAM SERVICES			
Charter school	3,509,331	-	3,509,331
Birth to three	445,603	-	445,603
Total program services	<u>3,954,934</u>	<u>-</u>	<u>3,954,934</u>
SUPPORTING ACTIVITIES			
Management and general	169,178	-	169,178
Fundraising	234,149	-	234,149
Total supporting activities	<u>403,327</u>	<u>-</u>	<u>403,327</u>
Total expenses	<u>4,358,261</u>	<u>-</u>	<u>4,358,261</u>
CHANGE IN NET ASSETS			
	(14,261)	78,105	63,844
NET ASSETS, BEGINNING OF YEAR	<u>2,013,390</u>	<u>1,422,239</u>	<u>3,435,629</u>
NET ASSETS, END OF YEAR	<u>\$ 1,999,129</u>	<u>\$ 1,500,344</u>	<u>\$ 3,499,473</u>

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

Achievement Academy, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Grants, government	\$ 2,551,034	\$ 551,513	\$ 3,102,547
Grants, private	280,100	-	280,100
United Way	242,001	7,051	249,052
Contributions of non-financial assets	23,824	-	23,824
Contributions of cash and other financial assets	104,726	98,800	203,526
Special events	360,062	-	360,062
Program service fees	104,295	-	104,295
Net investment income	61,234	2,165	63,399
Loss on disposal of assets	(12,762)	-	(12,762)
Other income	49,573	-	49,573
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>485,824</u>	<u>(485,824)</u>	-
Total support, revenue and net assets released from restrictions	<u>4,249,911</u>	<u>173,705</u>	<u>4,423,616</u>
PROGRAM SERVICES			
Charter school	3,414,257	-	3,414,257
Birth to three	<u>340,551</u>	<u>-</u>	<u>340,551</u>
Total program services	<u>3,754,808</u>	<u>-</u>	<u>3,754,808</u>
SUPPORTING ACTIVITIES			
Management and general	143,709	-	143,709
Fundraising	<u>196,294</u>	<u>-</u>	<u>196,294</u>
Total supporting activities	<u>340,003</u>	<u>-</u>	<u>340,003</u>
Total expenses	<u>4,094,811</u>	<u>-</u>	<u>4,094,811</u>
CHANGE IN NET ASSETS			
	155,100	173,705	328,805
NET ASSETS, BEGINNING OF YEAR	<u>1,858,290</u>	<u>1,248,534</u>	<u>3,106,824</u>
NET ASSETS, END OF YEAR	<u>\$ 2,013,390</u>	<u>\$ 1,422,239</u>	<u>\$ 3,435,629</u>

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

Achievement Academy, Inc.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATIONS		
Change in net assets	\$ 63,844	\$ 328,805
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	85,136	84,654
Loss on disposal of assets	-	12,762
Noncash interest expense	-	813
Net realized and unrealized gain on investments	(31,472)	(28,741)
Net change in assets and liabilities:		
Due from other agencies	530	71,442
Pledges receivable	(107,720)	3,501
Prepaid expenses	5,256	10,631
Accounts payable and accrued expenses	<u>5,676</u>	<u>46,889</u>
Net cash provided by operations	<u>21,250</u>	<u>530,756</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(11,628)	-
Purchases of property and equipment	<u>(40,444)</u>	<u>(183,611)</u>
Net cash used in investing activities	<u>(52,072)</u>	<u>(183,611)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term borrowing	<u>-</u>	<u>(128,767)</u>
Net cash used in financing activities	<u>-</u>	<u>(128,767)</u>
Net (decrease) increase in cash and cash equivalents	(30,822)	218,378
Cash, cash equivalents and restricted cash beginning of year	<u>2,042,004</u>	<u>1,823,626</u>
Cash, cash equivalents and restricted cash end of year	<u>\$ 2,011,182</u>	<u>\$ 2,042,004</u>
SUPPLEMENTAL DISCLOSURE		
Contributed materials, equipment and services	<u>\$ 16,203</u>	<u>\$ 23,824</u>
Interest paid	<u>\$ -</u>	<u>\$ 4,489</u>
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH BALANCES		
Cash and cash equivalents	\$ 1,721,902	\$ 1,778,328
Restricted cash	<u>289,280</u>	<u>263,676</u>
	<u><u>\$ 2,011,182</u></u>	<u><u>\$ 2,042,004</u></u>

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

Achievement Academy, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2025

	Program Services		Supporting Activities			Total
	Charter School	Birth to Three	Management and General	Fund-Raising		
Employee salaries	\$ 2,283,156	\$ 291,151	\$ 82,706	\$ 66,492	\$ 2,723,505	
Employee benefits	433,714	57,293	15,467	20,632	527,106	
Employee payroll taxes	161,387	21,524	5,747	11,906	200,564	
Professional fees	262,944	11,175	9,304	11,796	295,219	
Supplies	27,107	2,630	1,588	1,619	32,944	
Telephone	9,423	4,962	2,875	3,777	21,037	
Postage	898	365	259	1,278	2,800	
Occupancy	174,311	22,948	39,233	33,901	270,393	
Equipment rental and maintenance	13,822	1,631	-	143	15,596	
Printing and publications	9,081	3,154	2,084	4,267	18,586	
Travel	4,509	11,835	872	2,132	19,348	
Conferences and meetings	1,607	228	529	342	2,706	
Membership dues and continuing education	2,445	228	-	535	3,208	
Miscellaneous	3,188	1,968	-	596	5,752	
Administrative fees	23,160	-	-	-	23,160	
Advertising	6,445	-	-	-	6,445	
Insurance	24,463	5,560	-	-	30,023	
Special events expense	-	-	-	74,733	74,733	
Depreciation	67,671	8,951	8,514	-	85,136	
 Total functional expenses	 \$ 3,509,331	 \$ 445,603	 \$ 169,178	 \$ 234,149	 \$ 4,358,261	

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

Achievement Academy, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

	Program Services		Supporting Activities		Total
	Charter School	Birth to Three	Management and General	Fund-Raising	
Employee salaries	\$ 2,275,608	\$ 213,547	\$ 67,772	\$ 59,504	\$ 2,616,431
Employee benefits	370,269	34,319	12,758	13,892	431,238
Employee payroll taxes	162,999	15,260	5,610	9,108	192,977
Professional fees	257,816	10,029	8,116	2,606	278,567
Supplies	22,556	1,993	1,055	1,202	26,806
Telephone	8,873	4,550	2,707	3,608	19,738
Postage	672	269	196	866	2,003
Occupancy	155,879	23,230	33,543	30,613	243,265
Equipment rental and maintenance	11,256	1,310	-	-	12,566
Printing and publications	9,076	2,499	2,152	4,866	18,593
Travel	4,888	12,680	919	2,156	20,643
Conferences and meetings	1,623	441	335	189	2,588
Membership dues and continuing education	2,329	265	-	306	2,900
Miscellaneous	3,710	4,823	82	662	9,277
Administrative fees	22,493	-	-	-	22,493
Advertising	2,403	-	-	-	2,403
Insurance	29,610	6,854	-	-	36,464
Special events expense	-	-	-	66,716	66,716
Interest	4,040	449	-	-	4,489
Depreciation	68,157	8,033	8,464	-	84,654
 Total functional expenses	 <u>\$ 3,414,257</u>	 <u>\$ 340,551</u>	 <u>\$ 143,709</u>	 <u>\$ 196,294</u>	 <u>\$ 4,094,811</u>

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

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 – ORGANIZATION, SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

1. Organization

Achievement Academy, Inc. (the “Academy”), formerly known as Child Development Center of Polk County, Inc., was organized to maintain and operate programs for the education, evaluation, and social and physical advancement of children (birth through six years of age) with developmental delays/disabilities and to conduct ongoing programs to educate the general public.

The Academy opened a charter school in 1997 which operates under a charter approval by its sponsor, the School Board of Polk County, Florida (the “School Board”). The governing body of the charter school is the not-for-profit corporation Board of Directors which is composed of 17 members. The Executive Director of the Academy is the executive officer of the charter school.

The Academy is funded through a variety of sources, including United Way, Florida Department of Education (through the School Board), program fees, contributions, and various fundraising events.

2. Basis of presentation

The financial statement presentation follows the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) guidance for non-profit organizations. The Academy is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

3. Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Support and revenue are recognized when earned or unconditionally received, and expenses are recognized when incurred. Changes in the net assets of the Academy as a result of support, revenue, expenses, gains and losses are classified based on the existence of any donor-imposed restrictions. Accordingly, the net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion.

See Note 8 for more information on the composition of net assets without donor restrictions.

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 – ORGANIZATION, SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Basis of accounting (continued)

Net Assets With Donor Restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions, time and/or purpose restrictions.

The Academy reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Academy to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

See Note 9 for more information on the composition of net assets with donor restrictions.

4. Cash, cash equivalents and restricted cash

Cash and cash equivalents include cash on hand; cash in banks and certificates of deposit with original maturities of three months or less when purchased. The carrying amount reported in the statements of financial position for cash and cash equivalents approximates its fair value.

As of June 30, 2025 and 2024, the Academy had restricted cash of \$289,280 and \$263,676, respectively, which includes amounts that have been received but not yet expended for which there are donor-imposed restrictions.

5. Investments

Investments consist of assets held and managed for the benefit of the Academy by a private foundation.

6. Property and equipment

Property and equipment are recorded at cost or at their estimated fair value at the date of donation. Items costing \$500 or more are capitalized in the statements of financial position, whereas all other items are expensed.

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 – ORGANIZATION, SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Property and equipment (continued)

Depreciation is provided using the straight-line method over the following useful lives:

	<u>Years</u>
Buildings and improvements	10-40
Furniture, fixtures, and equipment	3-10
Playground equipment	5-20
Vehicles	5

Maintenance and repairs are charged to expense when incurred.

The Academy is subject to accounting guidance related to the impairment or disposal of long-lived assets. This guidance requires impairment losses to be recorded on long-lived assets when indicators of impairment are present and when the undiscounted cash flows estimated to be generated by those assets (excluding interest) are less than the carrying amount of the assets. In such cases, the carrying value of assets to be held and used are adjusted to their estimated fair value and assets held for sale are adjusted to their estimated fair value less selling expenses.

7. Debt issuance costs

Debt issuance costs relating to the mortgage notes payable are capitalized and being amortized using the straight-line method over a period of 11 years. Amortization expense for the years ended June 30, 2025 and 2024 was \$0 and \$813, respectively. In June 2024, the mortgage loan was paid off in its entirety.

8. Revenue recognition

The Academy follows Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which outlines a five-step model whereby revenue is recognized as performance obligations within the contract are satisfied, and 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958-605), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

Revenues are recognized on the accrual basis. Contributions subject to donor-imposed restrictions are recorded as with donor restrictions and are reclassified as without donor restrictions when the donor-imposed restrictions have been fulfilled or the stipulation of time period has elapsed. Contributions with restrictions that are met during the fiscal year are recorded as net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions that are not fulfilled in the accounting period. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expiration of donor restrictions on net assets, that is, the expiration of the donor-imposed stipulation purpose or the elapsing of the specified time period are reported as net assets released from restrictions.

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 – ORGANIZATION, SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Revenue recognition (continued)

Revenues consist primarily of governmental grants, private grants, United Way, program service fees and contributions.

The Academy follows ASU No. 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets*, which requires the monitoring and tracking of gifts in kind by asset category, while also noting any donor-imposed restrictions.

9. Concentration of revenue sources

Approximately 68% of the Academy's revenue is derived from grants from the federal government passed through the State of Florida Department of Education (which is renewed annually) and state and local funds passed through the School Board (which is renewable every ten years). The current level of the Academy's operations and program services may be impacted or certain services discontinued if the funding is not renewed.

10. Due from other agencies

Due from other agencies represent amounts due from the School Board, Medicaid and private insurance. Management has determined that the amounts are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary as of June 30, 2025 and 2024.

11. Pledges receivable

Pledges receivable represent amounts due from the United Way. For the years ended June 30, 2025 and 2024, management has deemed an allowance or discounts as not required since the pledges are due within one year and are considered collectible based on historical experience, economic conditions, and reasonable forecasts.

12. Credit risk

The carrying amounts approximate fair value based on quoted market prices or discounted cash flow analyses for cash equivalents and other financial instruments. The Academy is subject to some credit risk through short-term cash investments which are placed with high credit quality financial institutions. The Academy had \$118,775 and \$78,597 in excess of federally insured limits as of June 30, 2025 and 2024, respectively.

13. Leases

The Academy follows ASU 2016-02, *Leases*, that required lessees to put most leases on their statement of financial position and recognize expenses on their statement of activities and changes in net assets in a manner similar to today's capital lease accounting. As of June 30, 2025 and 2024, the Academy had no lease agreements which were impacted by ASU 2016-02 requiring recognition of a right-of-use asset or liability.

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 – ORGANIZATION, SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

14. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

15. Income taxes

The Academy qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is therefore, exempt from income taxes. Accordingly, no tax provision has been made in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to the financial statements. The Academy's income tax returns for 2024, 2023, and 2022 are subject to examination by tax authorities, and may change upon examination.

NOTE 2 – FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America (GAAP) define fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of "inputs" an organization may use in determining or estimating fair value. The inputs are categorized into "levels" that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable Level 1 or 2 inputs are not available.

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 2 – FAIR VALUE MEASUREMENTS (continued)

This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The Academy's significant financial instruments are cash, accounts receivable, accounts payable, short term borrowings, and other short term assets and liabilities. For these financial instruments (Level 1), carrying values approximate fair value because of the short maturity of these instruments.

The Academy has various investments that are held in the GiveWell Community Foundation (the "Foundation"). The Foundation reports the value of the Academy's investments based on the Academy's relative share of a pooled fund (Level 3).

Estimated fair value of certain assets measured on a recurring basis at June 30, 2025 is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	\$ -	\$ -	\$ 327,892	\$ 327,892
Total	\$ -	\$ -	\$ 327,892	\$ 327,892

Estimated fair value of certain assets measured on a recurring basis at June 30, 2024 is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	\$ -	\$ -	\$ 284,792	\$ 284,792
Total	\$ -	\$ -	\$ 284,792	\$ 284,792

A summary of changes in the fair value of Level 3 investments as of June 30 is as follows:

	<u>2025</u>	<u>2024</u>
Balance – beginning of year	\$ 284,792	\$ 256,051
Additions	11,628	-
Fees	(2,291)	(2,039)
Change in value	33,763	30,780
Balance – end of year	<u>\$ 327,892</u>	<u>\$ 284,792</u>

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 3 – DUE FROM OTHER AGENCIES

Due from other agencies includes the following at June 30:

	<u>2025</u>	<u>2024</u>
Capital outlay	\$ 10,334	\$ 4,359
Other receivables	24,245	28,949
Grants	-	1,801
 Total	 <u>\$ 34,579</u>	 <u>\$ 35,109</u>

The capital outlay receivables included in the accompanying financial statements is reflected as net assets with donor restrictions since it must be spent for lawful capital outlay expenditures.

NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable from United Way as of June 30, 2025 and 2024, respectively.

	<u>2025</u>	<u>2024</u>
Less than one year	\$ 114,771	\$ 7,051
 Total	 <u>\$ 114,771</u>	 <u>\$ 7,051</u>

NOTE 5 – PROPERTY AND EQUIPMENT

	<u>2025</u>	<u>2024</u>
Land	\$ 219,596	\$ 219,596
Buildings and improvements	2,288,386	2,254,969
Furniture, fixtures and equipment	438,837	445,042
Playground equipment	70,332	70,332
Vehicles	3,000	3,000
	3,020,151	2,992,939
 Less accumulated depreciation	 <u>(1,765,920)</u>	 <u>(1,694,016)</u>
 Total	 <u>\$ 1,254,231</u>	 <u>\$ 1,298,923</u>

Depreciation expense totaled \$85,136 and \$84,654 for the years ended June 30, 2025 and 2024, respectively.

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 6 – LONG-TERM DEBT

The Academy had a 4.25% mortgage note payable to a bank, 60 months, 59 monthly payments of principal and interest of \$2,268, based on a 15-year amortization and a balloon payment of \$223,063. Secured by Bartow School real estate. During June 2018, the Academy refinanced the note payable. Terms of the loan is interest only payments through June 2019 with fixed interest of 4.95%. Effective July 2019, principal and interest payments of \$2,253 are due monthly until the note matures in June 2029. The note was paid off on June 24, 2024.

Interest expense totaled \$0 and \$4,489 for the years ended June 30, 2025 and 2024, respectively.

NOTE 7 – CREDIT OBLIGATIONS

The Academy has a \$200,000 revolving line of credit in which principal is due upon demand. The Academy is required to make monthly interest payments, which is calculated based on the Wall Street Journal Prime Rate (7.50% as of June 2025). As of June 30, 2025 and 2024, there was no outstanding balance.

NOTE 8 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of undesignated and net investment in property and equipment amounts for the following purposes or periods as of June 30:

	<u>2025</u>	<u>2024</u>
Undesignated	\$ 1,815,249	\$ 1,846,946
Net investment in property and equipment	<u>183,880</u>	<u>166,444</u>
	<u><u>\$ 1,999,129</u></u>	<u><u>\$ 2,013,390</u></u>

Undesignated

Net assets without donor restrictions are considered as undesignated and used at the discretion of the Board and/or management for general operating purposes. Expenditures from the years ended June 30, 2025 and 2024 are included in the statements of functional expenses.

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30:

	2025	2024
Unexpended grants:		
Capital outlay funds restricted for specific purpose	\$ 144,656	\$ 101,504
Contributions by donor:		
Contributions restricted by donor for specific purpose	170,566	181,205
Pledges restricted - United Way	114,771	7,051
	<u>285,337</u>	<u>188,256</u>
Net investment in property and equipment – use restricted by charter school grant.	1,070,351	1,132,479
	<u>\$ 1,500,344</u>	<u>\$ 1,422,239</u>

NOTE 10 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

The following net assets were released from restrictions as of June 30:

	2025	2024
Purpose restrictions accomplished:		
Capital outlay funds restricted for specific purpose	\$ 61,017	\$ 158,887
Other government grant funds restricted for specific purpose	404,608	182,487
Contributions restricted by donor for specific purpose	22,939	55,920
Time restrictions met:		
Pledges restricted - United Way	7,051	10,552
Net investment in property and equipment	<u>66,300</u>	<u>77,978</u>
Net assets released from restrictions	<u>\$ 561,915</u>	<u>\$ 485,824</u>

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 11 – CONTRIBUTIONS OF NON-FINANCIAL ASSETS

Contributions of non-financial assets, if any, are recorded in the accompanying financial statements at their fair value at the date of receipt. Unless otherwise noted, contributions of non-financial assets did not have donor-imposed restrictions. The Academy received \$16,203 and \$23,824 in donated professional fees, supplies, property, and equipment for the years ended June 30, 2025 and 2024, respectively.

A number of other volunteers have donated significant amounts of their time to the Academy's administrative services and in its fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services are not professional in nature, and, as such, do not meet the criteria for recognition as contributed services.

NOTE 12 – GOVERNMENT GRANTS

The Academy has a contract with the School Board to operate a charter school for a maximum student population of 200. On June 14, 2022 the current charter was renewed and is effective until June 30, 2037. The term shall be automatically extended on a month-to-month basis until the Charter has been renewed, non-renewed, or terminated by the Academy. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case the School Board is required to notify the charter school in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown.

Revenues for current operations are received primarily from the District School Board of Polk County, Florida pursuant to the funding provisions included in the charter. As such, the charter school's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the Florida Department of Education ("FDOE") by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the charter school reports the number of full-time equivalent students and related data to the School Board.

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

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 12 – GOVERNMENT GRANTS (continued)

The basic amount of funding through the FEEP under Section 1011.62 is calculated based on (1) unweighted FTE, multiplied by (2) the cost factor for each program multiplied by (3) the base student allocation established by the Florida legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. The charter school reported, on average, an enrollment of 157 unweighted full-time students for the fiscal years ended June 30, 2025 and 2024.

The charter school receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes and amounts received are based on the charter school's enrollment during the fiscal year. Funds received under this program are restricted to capital outlay expenditures, as detailed in the Florida statutes. Since a claim to the grant proceeds is based upon incurring eligible expenditures, revenue is classified as with donor restrictions and once eligible expenditures have been made, the revenue is reclassified to revenue without donor restrictions and is reported in the statements of activities and changes in net assets as "net assets released from restrictions."

The charter school also receives federal awards for the enhancement of various education programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. Since a claim to the grant proceeds is based upon incurring eligible expenditures, revenue is classified as with donor restrictions and once eligible expenditures have been made, the revenue is reclassified to revenue without donor restrictions and is reported in the statements of activities and changes in net assets as "net assets released from restrictions."

Under the terms of the charter, any property and equipment purchased with School Board funds must be returned to the School Board if the contract for the charter school is terminated.

The summary of funds earned during the years ended June 30, 2025 and 2024 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
2025 School Board	\$ 2,484,494	\$ 511,860	\$ 2,996,354
2024 School Board	\$ 2,551,034	\$ 551,513	\$ 3,102,547

The Academy is reimbursed for providing services to Medicaid eligible individuals. Medicaid reimbursements, included as program service fees, earned during the years ended June 30, 2025 and 2024, respectively, are as follows:

	<u>2025</u>	<u>2024</u>
Medicaid reimbursements	\$ 79,676	\$ 77,739

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 13 – FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses allocated to more than one function are allocated on the basis of estimates of time and percentage of utilized assets.

NOTE 14 – PENSION PLAN AND COMPENSATED ABSENCES

The Academy adopted a SIMPLE IRA retirement program during 1997. All employees with over six months of service are eligible to participate in the program. Total contributions to the plan by the Academy for the years ended June 30, 2025 and 2024, were approximately \$56,000 and \$54,000, respectively, which represented a contribution rate of 3% on wages paid to each participating employee or 100% match of employee contributions (whichever is lower). The Academy has no liability for the administration or payment of benefits of the plan and, accordingly, the present value of the related vested benefits is not reflected in these financial statements.

The Academy's liability for compensated absences was not significant and has not been recorded in these financial statements since it was not considered material to the financial statements taken as a whole.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

The Academy has an agreement with the City of Lakeland to lease the land on which the Academy's building is located. The lease agreement was entered into in 1967 and is for a term of 99 years. There is no annual lease payment. The fair value of the lease has not been recognized as a contribution or reflected as an expense of operations since an objective basis for measuring the value of such lease cannot be determined.

NOTE 16 – SUBSEQUENT EVENTS

The Academy has adopted guidance that requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date (that is, whether that date represents the date the financial statements were issued or were available to be issued). The Academy has evaluated subsequent events through September 16, 2025, which is the date the financial statements were available to be issued.

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 17 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Academy's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

	2025	2024
Cash and cash equivalents	\$ 1,721,902	\$ 1,778,328
Due from other agencies	34,579	35,109
Investments	327,892	284,792
Pledges receivable	114,771	7,051
 Total financial assets available within one year	 2,201,169	 2,107,304
 Amounts unavailable for general expenditure:		
Unexpended grants	(144,656)	(101,504)
Contributions restricted by donor	<u>(285,337)</u>	<u>(188,256)</u>
 Total amounts unavailable for general expenditure within one year	 <u>(429,993)</u>	 <u>(289,760)</u>
 Total net financial assets available within one year	 <u>\$ 1,771,176</u>	 <u>\$ 1,817,544</u>

As part of the Academy's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Academy has a committed line of credit of \$200,000, which it could draw upon.

Pledges receivable include amounts expected to be received within one year and will become available for use within one year.

Prepaid expenses, property and equipment, and other assets are not available for spending.

The investments listed above represent assets, which could be converted to cash on a short-term basis and thus are available to support cash flow needs and operations. The Academy has no immediate plans to liquidate investments beyond what is needed for current operations based on the respective spending policy and operating budget approved by the Board of Directors.

SUPPLEMENTAL INFORMATION

**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**

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To the Board of Directors
Achievement Academy, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Achievement Academy, Inc. (the "Academy") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 16, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy'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 Academy'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 Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida

September 16, 2025

MANAGEMENT LETTER

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To the Board of Directors, Florida
Achievement Academy, Inc.

Report on the Financial Statements

We have audited the financial statements of Achievement Academy, Inc. (the "Academy"), Florida, as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated September 16, 2025.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 16, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5., *Rules of the Auditor General*, requires that the name or official title of the entity be disclosed in this management letter. The official title of the entity is *Achievement Academy, Inc.*

Financial Condition and Management

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

Financial Condition and Management (continued)

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

Transparency

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

Additional Matters

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

Purpose of this Letter

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 16, 2025

MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES

For the year ended June 30, 2025, there are no management recommendations.