# EDUCATIONAL HORIZONS, INC.
# A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF BREVARD COUNTY, FLORIDA

## FINANCIAL STATEMENTS
## WITH INDEPENDENT AUDITOR'S REPORTS THEREON

**JUNE 30, 2026**

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# MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Educational Horizons, Inc. (the "School") presents management's discussion and analysis of the School's financial performance during the fiscal year ended June 30, 2026. Please read it in conjunction with the School's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The School's total net position decreased compared to the prior year.
- During 2026, the School's expenses exceeded revenues by $102,808, which was a decrease from the prior year when expenses exceeded revenues by $65,426.
- Overall, revenues increased by approximately $74,000, which was a 5% increase from the prior year.
- Overall, expenses increased by approximately $112,000, which was a 7% increase from the prior year.
- Total assets were $1,923,772 and total liabilities and deferred inflows of resources were $1,520,579, resulting in net position of $403,193 as of June 30, 2026.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
    - The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

This document also includes the 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*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850.

The following table summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

| | Government-wide Statements | Fund Statements<br>Governmental Funds |
|---|---|---|
| Scope | Entire School | The activities of the School that are not proprietary or fiduciary |
| Required financial statements | Statement of net position<br>Statement of activities | Balance sheet – governmental funds<br>Statement of revenues, expenditures and changes in fund balances – governmental funds |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus |
| Type of asset/liability information | All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term | Only assets/deferred outflows of resources expected to be used up and liabilities/deferred inflows of resources that come due during the year or soon thereafter; no capital assets included |
| Type of inflow/outflow information | All revenues and expenses during the year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter |

## Government-wide Financial Statements

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the School's net position and how it has changed. Net position – the difference between the School's assets and deferred outflows of resources and its liabilities and deferred inflows of resources – is one way to measure the School's financial condition. Over time, increases or decreases in the School's net position are an indicator of whether its financial condition is improving or deteriorating, respectively. To assess the overall health of the School, one needs to consider additional nonfinancial factors such as changes in the School's student base, the quality of the education and the safety of the School.

The government-wide financial statements of the School are generally divided into three categories:

Governmental Activities – Most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.

Business-type Activities – In certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.

Component Units – There currently are no component units included within the reporting entity of the School.

## Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the School may establish other funds to control and manage money for particular purposes, such as for federal grants.

The School has one type of fund:

Governmental Funds – Most of the School's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the differences between them.

## FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

### Net Position

The School's combined net position as of June 30, 2026 and 2025 is summarized as follows – see table below:

| | Governmental Activities | | Increase |
|---|---|---|---|
| | 2026 | 2025 | (Decrease) |
| Current and other assets | $ 202,490 | $ 263,804 | -23% |
| Capital assets, net | 1,721,282 | 1,803,576 | -5% |
| Total assets | 1,923,772 | 2,067,380 | -7% |
| Current and other liabilities | 17,671 | 22,454 | -21% |
| Long-term liabilities | 1,446,429 | 1,471,334 | -2% |
| Deferred inflows of resources | 56,479 | 67,591 | -16% |
| Total liabilities and deferred inflows | 1,520,579 | 1,561,379 | -3% |
| Net position: | | | |
| Net investment in capital assets | 274,853 | 332,242 | -17% |
| Restricted | 41,161 | - | 100% |
| Unrestricted | 87,179 | 173,759 | -50% |
| Total net position | $ 403,193 | $ 506,001 | -20% |

Current and other assets and total net position decreased due to the current year operating deficit. Deferred inflows of resources decreased due to receipts under the lessor arrangement in the current year. Net investment in capital assets is the result of capital assets, net reduced by related borrowings. Restricted net position increased due to capital outlay funding that remained unspent and available for future capital projects.

### Change in Net Position

The School's total revenues increased by 5% to $1,658,167, and the total cost of all programs and services increased by 7% to $1,760,975 – see table below.

| | Governmental Activities | | Increase |
|---|---|---|---|
| | 2026 | 2025 | (Decrease) |
| Revenues: | | | |
| Federal sources passed through local school district | $ 3,395 | $ 476 | 613% |
| State and local sources | 1,622,181 | 1,549,998 | 5% |
| Contributions and other revenue | 32,591 | 33,339 | -2% |
| Total revenues | 1,658,167 | 1,583,813 | 5% |
| Expenses: | | | |
| Instruction | 919,547 | 892,214 | 3% |
| Board | 50,919 | 49,225 | 3% |
| General administration | 211,454 | 211,367 | 0% |
| School administration | 218,436 | 233,564 | -6% |
| Central services | 20,706 | 14,055 | 47% |
| Facilities acquisition and construction | 81,856 | - | 100% |
| Food | 1,920 | - | 100% |
| Operation and maintenance of plant | 140,164 | 124,517 | 13% |
| Administrative technology services | 9,402 | 11,992 | -22% |
| Interest | 106,571 | 112,305 | -5% |
| Total expenses | 1,760,975 | 1,649,239 | 7% |
| Change in net position | $ (102,808) | $ (65,426) | -57% |

Revenues from state and local sources increased due to an increase in enrollment.

Facilities acquisition and construction expenses increased due to the write-off of construction in progress during the current year.

## FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the year, its governmental funds reported a fund balance of $128,340. Both revenues and expenditures changed for the same reasons described above.

### General Fund Budgetary Highlights

Over the course of the year, the School revised its budget several times to account for the changes in student enrollment and resulting increases in appropriations.

For 2026, actual general fund revenues were approximately $26,000 above the final budget, which represents a 2% budget variance. The variance was primarily due to higher than anticipated state and local funding allocations. Actual general fund expenditures were approximately $16,000 above the final budget, which represents a 1% budget variance. The variance was primarily due to higher general administration costs, including management fees, and higher operation and maintenance of plant expenses, partially offset by lower than budgeted instructional expenditures.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The School's investment in capital assets at the end of fiscal 2026 amounts to $1,721,282 (net of accumulated depreciation). See table below:

| | Governmental Activities | | Increase |
|---|---|---|---|
| | 2026 | 2025 | (Decrease) |
| Construction in progress | $ - | $ 48,625 | -100% |
| Land | 480,000 | 480,000 | 0% |
| Buildings and improvements | 1,245,097 | 1,245,097 | 0% |
| Furniture, fixtures and equipment | 175,487 | 158,407 | 11% |
| Less accumulated depreciation | (179,302) | (128,553) | -39% |
| Total capital assets | $ 1,721,282 | $ 1,803,576 | -5% |

During the year, the School incurred $33,231 of construction in progress costs related to a planned facility project. The project was subsequently discontinued, and the School wrote off the entire balance, which included costs incurred in prior years. More detailed information about the School's capital assets is presented in Note 4 to the financial statements.

### Long-term Liabilities

As of June 30, 2026, the School had $1,446,429 in long-term debt outstanding consisting of notes payable. There were no additions and scheduled payments reduced the amount outstanding in the current year. More detailed information about the School's long-term liabilities is presented in Note 6 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following economic indicators were taken into account when adopting the general fund budget for fiscal year 2027:

- Projected consistent level of student population
- Projected salary increases

Amounts available for appropriation in the general fund are approximately $1,392,000, an increase of 2% over the final 2026 amount of $1,361,134. Budgeted expenditures are expected to be approximately $1,392,000, a decrease of 4% from the final 2026 amount of $1,447,714, which is primarily the result of non-recurring capital outlay expenditures. The School has added no major new programs to the fiscal 2027 budget.

If these estimates are realized, the School's budgetary general fund balance is expected to remain unchanged by the close of fiscal 2027.

## CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at P.O. Box 372478, Satellite Beach, Florida 32937-0478.

## INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

To the Board of Directors of Educational Horizons, Inc., a Charter School
and Component Unit of the District School Board of Brevard County, Florida

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Educational Horizons, Inc. (the "School"), a charter school and component unit of the District School Board of Brevard 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Educational Horizons, Inc. as of June 30, 2026, and the respective changes in financial position thereof 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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 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 on pages 1 – 7 and the budgetary comparison information on pages 27 – 28 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2026 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

BKHM, P.A.

Orlando, Florida
September 22, 2026

**EDUCATIONAL HORIZONS, INC.**
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**
**DISTRICT SCHOOL BOARD OF BREVARD COUNTY, FLORIDA**

## STATEMENT OF NET POSITION

**JUNE 30, 2026**

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 87,174 |
| Accounts receivable | 50,261 |
| Lease receivable | 61,246 |
| Other assets | 3,809 |
| Capital assets, net | 1,721,282 |
| Total assets | $ 1,923,772 |
| **LIABILITIES** | |
| Accounts payable and accrued expenses | $ 17,671 |
| Long-term liabilities: | |
| Due within one year | 28,668 |
| Due in more than one year | 1,417,761 |
| Total liabilities | 1,464,100 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Lessor arrangement | 56,479 |
| **NET POSITION** | |
| Net investment in capital assets | 274,853 |
| Restricted for capital outlay | 41,161 |
| Unrestricted | 87,179 |
| Total net position | 403,193 |
| Total liabilities, deferred inflows of resources and net position | $ 1,923,772 |

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

**EDUCATIONAL HORIZONS, INC.**
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**
**DISTRICT SCHOOL BOARD OF BREVARD COUNTY, FLORIDA**

## STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED JUNE 30, 2026**

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | |
|---|---|---|---|---|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Total |
| Governmental activities: | | | | | | |
| Instruction | $ 919,547 | $ - | $ 3,395 | $ - | $ (916,152) | $ (916,152) |
| Board | 50,919 | - | - | - | (50,919) | (50,919) |
| General administration | 211,454 | - | - | - | (211,454) | (211,454) |
| School administration | 218,436 | - | - | - | (218,436) | (218,436) |
| Central services | 20,706 | - | - | - | (20,706) | (20,706) |
| Facilities acquisition and construction | 81,856 | - | - | - | (81,856) | (81,856) |
| Food | 1,920 | - | - | - | (1,920) | (1,920) |
| Operation and maintenance of plant | 140,164 | - | - | - | (140,164) | (140,164) |
| Administrative technology services | 9,402 | - | - | - | (9,402) | (9,402) |
| Interest | 106,571 | - | - | - | (106,571) | (106,571) |
| Total primary government | $ 1,760,975 | $ - | $ 3,395 | $ - | (1,757,580) | (1,757,580) |
| General revenues: | | | | | | |
| State and local sources | | | | | 1,622,181 | 1,622,181 |
| Contributions and other revenue | | | | | 32,591 | 32,591 |
| Total general revenues | | | | | 1,654,772 | 1,654,772 |
| Change in net position | | | | | (102,808) | (102,808) |
| Net position at beginning of year | | | | | 506,001 | 506,001 |
| Net position at end of year | | | | | $ 403,193 | $ 403,193 |

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

**EDUCATIONAL HORIZONS, INC.**
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**
**DISTRICT SCHOOL BOARD OF BREVARD COUNTY, FLORIDA**

## BALANCE SHEET - GOVERNMENTAL FUNDS

**JUNE 30, 2026**

| | General Fund | Capital Projects Fund | Total Governmental Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ 87,174 | $ - | $ 87,174 |
| Accounts receivable | 9,100 | 41,161 | 50,261 |
| Lease receivable | 61,246 | - | 61,246 |
| Other assets | 3,809 | - | 3,809 |
| Total assets | $ 161,329 | $ 41,161 | $ 202,490 |
| **LIABILITIES** | | | |
| Accounts payable and accrued expenditures | $ 17,671 | $ - | $ 17,671 |
| Total liabilities | 17,671 | - | 17,671 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Lessor arrangement | 56,479 | - | 56,479 |
| **FUND BALANCES** | | | |
| Nonspendable: | | | |
| Other assets | 3,809 | - | 3,809 |
| Restricted: | | | |
| Capital outlay | - | 41,161 | 41,161 |
| Unassigned | 83,370 | - | 83,370 |
| Total fund balances | 87,179 | 41,161 | 128,340 |
| Total liabilities, deferred inflows of resources and fund balances | $ 161,329 | $ 41,161 | $ 202,490 |

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

**EDUCATIONAL HORIZONS, INC.**
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**
**DISTRICT SCHOOL BOARD OF BREVARD COUNTY, FLORIDA**

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

**JUNE 30, 2026**

| | | |
|---|---|---|
| **Total fund balances - total governmental funds** | $ | 128,340 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is $1,900,584 and the accumulated depreciation is $179,302. | | 1,721,282 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end include: | | |
| Notes payable | | (1,446,429) |
| **Total net position - governmental activities** | $ | 403,193 |

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

**EDUCATIONAL HORIZONS, INC.**
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**
**DISTRICT SCHOOL BOARD OF BREVARD COUNTY, FLORIDA**

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

**FOR THE YEAR ENDED JUNE 30, 2026**

| | General Fund | Capital Projects Fund | Other Governmental Fund | Total Governmental Funds |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Federal sources passed through local school district | $ - | $ - | $ 3,395 | $ 3,395 |
| State and local sources | 1,328,543 | 293,638 | - | 1,622,181 |
| Contributions and other revenue | 32,591 | - | - | 32,591 |
| Total revenues | 1,361,134 | 293,638 | 3,395 | 1,658,167 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Instruction | 873,174 | - | 3,395 | 876,569 |
| Board | 50,919 | - | - | 50,919 |
| General administration | 211,454 | - | - | 211,454 |
| School administration | 210,665 | - | - | 210,665 |
| Food | 1,920 | - | - | 1,920 |
| Central services | 20,706 | - | - | 20,706 |
| Operation and maintenance of plant | 69,474 | 70,690 | - | 140,164 |
| Administrative technology services | 9,402 | - | - | 9,402 |
| Debt service: | | | | |
| Principal | - | 24,905 | - | 24,905 |
| Interest | - | 106,571 | - | 106,571 |
| Other capital outlay | - | 50,311 | - | 50,311 |
| Total expenditures | 1,447,714 | 252,477 | 3,395 | 1,703,586 |
| Net change in fund balances | (86,580) | 41,161 | - | (45,419) |
| Fund balances at beginning of year | 173,759 | - | - | 173,759 |
| Fund balances at end of year | $ 87,179 | $ 41,161 | $ - | $ 128,340 |

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

**EDUCATIONAL HORIZONS, INC.**
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**
**DISTRICT SCHOOL BOARD OF BREVARD COUNTY, FLORIDA**

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED JUNE 30, 2026**

| | | |
|---|---|---|
| **Net changes in fund balances - total governmental funds** | $ | (45,419) |
| 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 costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense ($50,749) exceeds capital outlays ($50,311) in the current period. | | (438) |
| The loss on the disposal of capital assets is reported in the statement of activities, whereas nothing is reported in the governmental funds as there were no proceeds. | | (81,856) |
| Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position. | | 24,905 |
| **Change in net position of governmental activities** | $ | (102,808) |

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

## 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Organization

Educational Horizons, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of four members. The School operates under the name of Educational Horizons Charter School.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Brevard County, Florida (the "School Board"). The current charter is effective until June 30, 2031 and may be renewed by mutual written agreement between the School and the School Board. 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 this case, the School Board 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 School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds, except capital outlay funds, revert back to the School Board. Any unencumbered capital outlay funds revert back to the Florida Department of Education ("FDOE") to be redistributed among eligible charter schools. The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB") accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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

### Basis of Presentation

The School's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the GASB. Accordingly, both government-wide and fund financial statements are presented.

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use or directly benefit from goods, services or privileges provided by a given function. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

The government-wide financial statements of the School are generally divided into three categories:

Governmental Activities – Most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.

Business-type Activities – In certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.

Component Units – There currently are no component units included within the reporting entity of the School.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

Governmental Funds:

General Fund – To account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund – To account for the proceeds of specific revenue sources and grants that are restricted by law or administrative action to expenditure for specific purposes and to provide a single source of accountability for all funds received.

Capital Projects Fund – To account for all resources for the acquisition of capital items by the School purchased with capital outlay, local capital improvement and county sales surtax funds.

For purposes of these statements, the general and capital projects funds are considered major funds. The special revenue fund is considered a non-major fund and is included as the other governmental fund.

**Basis of Accounting**

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

The government-wide financial statements are presented using the accrual basis of accounting and an economic resources focus. Under the accrual basis of accounting, revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current year or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

**Budgetary Basis Accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the fund level.

**Cash and Cash Equivalents**

Investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents. Cash deposits are held by banks qualified as public depositories under Florida law. All deposits held by qualified public depositories are insured by federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool under Chapter 280, Florida Statutes.

**Receivables**

Receivables consist of amounts due from governmental agencies for capital outlay or other programs and from a related party for a lease. Allowances are reported when management estimates that accounts may be uncollectible.

**Capital Assets and Depreciation**

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Purchased capital assets are reported at cost, net of accumulated depreciation, in the government-wide financial statements. Donated assets are recorded at fair value at the date of donation.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

| | Years |
|---|---|
| Buildings and improvements | 7 – 39 |
| Furniture, fixtures and equipment | 5 – 7 |

Information relative to changes in capital assets is described in Note 4.

**Long-term Liabilities**

Long-term obligations that will be financed by resources to be received in the future by the governmental funds are reported in the government-wide financial statements, not in the governmental funds. Information relative to changes in long-term liabilities is described in Note 6.

**Fund Balance Spending Policy**

The School's adopted spending policy is to spend from the restricted fund balance first, followed by committed, assigned, then the unassigned fund balance. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the Board of Directors. No funds may be assigned. There are no minimum fund balance requirements for any of the School's funds.

**Revenue Sources**

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the School's charter. As such, the School's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the FDOE by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the School Board.

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School Board receives a 2% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying financial statements.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, any unexpended amounts are reflected as restricted net position and restricted fund balance in the accompanying financial statements.

**Income Taxes**

The School is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

**Use of Estimates**

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date of the statement of net position and the balance sheet – governmental funds and affect revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

**Subsequent Events**

The School has evaluated subsequent events through September 22, 2026, the date these financial statements were available to be issued.

## 2 ACCOUNTS RECEIVABLE

Accounts receivable in the accompanying financial statements include $41,161 in amounts due from governmental agencies and $9,100 in amounts due from a related party for monthly rent. Based on the collectibility of funds from these sources, the School believes that an allowance for uncollectible receivables is not considered necessary.

## 3 LESSOR ARRANGEMENT

The School, as a lessor, entered into a noncancellable lease agreement expiring July 2031 with Thorson Management Group, LLC ("TMG"), an entity that provides management services to the School, to rent certain School premises. TMG is required to make monthly payments of $1,300. The School has a lease receivable and deferred inflows of resources associated with this lease that will be recognized as revenue over the lease term. During 2026, the School recognized $16,312 in lease revenue and $6,932 in interest income related to this lease, which are included in contributions and other revenue in the accompanying financial statements.

In July 2026, the lessor arrangement ended in connection with the sale of the School's premises, as described in Note 8.

## 4 CHANGES IN CAPITAL ASSETS

Capital asset activity during 2026 was as follows:

| | Beginning Balance | Increases | Decreases/ Transfers | Ending Balance |
|---|---|---|---|---|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Construction in progress | $ 48,625 | 33,231 | (81,856) | $ - |
| Land | 480,000 | - | - | 480,000 |
| Total capital assets not being depreciated | 528,625 | 33,231 | (81,856) | 480,000 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 1,245,097 | - | - | 1,245,097 |
| Furniture, fixtures and equipment | 158,407 | 17,080 | - | 175,487 |
| Total capital assets being depreciated | 1,403,504 | 17,080 | - | 1,420,584 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (72,454) | (38,009) | - | (110,463) |
| Furniture, fixtures and equipment | (56,099) | (12,740) | - | (68,839) |
| Total accumulated depreciation | (128,553) | (50,749) | - | (179,302) |
| Capital assets being depreciated, net | 1,274,951 | (33,669) | - | 1,241,282 |
| Governmental activities capital assets, net | $ 1,803,576 | $ (438) | $ (81,856) | $ 1,721,282 |

Depreciation expense was charged to functions as follows:

| | |
|---|---|
| Governmental activities: | |
| Instruction | $ 42,978 |
| School administration | 7,771 |
| Total governmental activities depreciation expense | $ 50,749 |

## 5 COMMITMENTS AND CONTINGENT LIABILITIES

### Grants

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and collectibility of any related receivable as of June 30, 2026 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

### Legal Matters

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

### Risk Management Program

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

## 6 LONG-TERM LIABILITIES

Long-term liabilities activity during 2026 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| Notes payable | $ 1,471,334 | $ - | $ (24,905) | $ 1,446,429 | $ 28,668 |
| Governmental activities, long-term liabilities | $ 1,471,334 | $ - | $ (24,905) | $ 1,446,429 | $ 28,668 |

Notes payable are typically liquidated first with capital projects fund resources, when available, and then with general fund resources.

**Notes Payable**

Notes payable consisted of the following balances as of June 30, 2026:

| | |
|---|---|
| Promissory note payable to a financial institution. Principal and interest payments of $9,491 are due monthly at an interest rate of 7.43% until March 2034. The final principal and interest payment is due in April 2034 in the amount of $1,011,980. Note is secured by certain property located in Brevard County and is subject to certain financial and non-financial covenants. | $ 1,237,149 |
| Promissory note payable to an entity whose chief executive is the founder and former board member of the School. Principal and interest payments of $1,763 are due monthly at an interest rate of 7.43% until March 2029. The final principal and interest payment is due in April 2029 in the amount of $192,752. Note is secured by certain property located in Brevard County. | 209,280 |
| Total notes payable | 1,446,429 |
| Less amount due or payable within one year | (28,668) |
| Amount due or payable after one year | $ 1,417,761 |

Future debt service requirements related to notes payable are as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2027 | $ 28,668 | $ 106,380 | $ 135,048 |
| 2028 | 30,872 | 104,176 | 135,048 |
| 2029 | 224,493 | 99,439 | 323,932 |
| 2030 | 28,506 | 85,386 | 113,892 |
| 2031 | 30,150 | 83,195 | 113,345 |
| 2032-2034 | 1,103,740 | 222,289 | 1,326,029 |
| | $ 1,446,429 | $ 700,865 | $ 2,147,294 |

In July 2026, the notes payable were repaid in connection with the sale of the School's premises described in Note 8.

## 7 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

The following is a schedule of state and local revenue sources and amounts:

| | |
|---|---|
| District School Board of Brevard County, Florida: | |
| Florida Education Finance Program | $ 788,052 |
| County sales surtax funds | 160,456 |
| Millage | 144,123 |
| Class size reduction | 140,590 |
| Discretionary millage | 115,466 |
| Capital outlay | 91,895 |
| ESE guaranteed allocation | 44,386 |
| Local capital improvement revenue | 41,287 |
| Educational enrichment allocation | 37,035 |
| Discretionary compression | 23,453 |
| Safe schools | 15,060 |
| School recognition | 11,358 |
| Mental health allocation | 8,889 |
| Safety and security | 131 |
| Total | $ 1,622,181 |

The administrative fee paid to the School Board during 2026 totaled $23,285, which is reflected as a general administration expense/expenditure in the accompanying financial statements.

## 8 RELATED PARTY TRANSACTIONS

TMG is an entity that provides management services to the School. These services include serving as the chief executive of the School. TMG also owns and operates Country Day for Children, which offers pre-school and VPK programs on property rented from the School. During the year ended June 30, 2026, the School paid TMG approximately $188,000 for management services, which is included as a general administration expense/expenditure in the accompanying financial statements. Also, the School received approximately $23,000 in rental income from TMG.

Subsequent to year-end, on July 27, 2026, the School sold its land and buildings for approximately $1.6 million to an entity under common ownership and management with TMG. In connection with the sale, the notes payable secured by the property were repaid, and the School's existing lessor arrangement with TMG was replaced by a separate lease between TMG and the purchaser. In addition, the School entered into a noncancelable lease to occupy and use the land and buildings, effective August 1, 2026 through May 30, 2041, requiring monthly payments ranging from $14,750 to $19,750.

**EDUCATIONAL HORIZONS, INC.**
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**
**DISTRICT SCHOOL BOARD OF BREVARD COUNTY, FLORIDA**

## REQUIRED SUPPLEMENTARY INFORMATION

## BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

## FOR THE YEAR ENDED JUNE 30, 2026

| | Budgeted Amounts | | Variance Between Original and Final Budget | Actual (Budgetary Basis) | Variance with Final Budget- Positive (Negative) |
|---|---|---|---|---|---|
| | Original | Final | | | |
| **REVENUES** | | | | | |
| State and local sources | $ 1,312,871 | $ 1,305,127 | $ (7,744) | $ 1,328,543 | $ 23,416 |
| Contributions and other revenue | 25,467 | 30,278 | 4,811 | 32,591 | 2,313 |
| Total revenues | 1,338,338 | 1,335,405 | (2,933) | 1,361,134 | 25,729 |
| **EXPENDITURES** | | | | | |
| Current: | | | | | |
| Instruction | 803,555 | 915,997 | 112,442 | 873,174 | 42,823 |
| Instructional staff training services | 5,004 | 750 | (4,254) | - | 750 |
| Board | 42,600 | 50,919 | 8,319 | 50,919 | - |
| General administration | 183,885 | 189,534 | 5,649 | 211,454 | (21,920) |
| School administration | 256,135 | 221,473 | (34,662) | 210,665 | 10,808 |
| Food services | - | 1,920 | 1,920 | 1,920 | - |
| Central services | 15,000 | 20,705 | 5,705 | 20,706 | (1) |
| Operation and maintenance of plant | 36,346 | 21,459 | (14,887) | 69,474 | (48,015) |
| Administrative technology services | - | 9,402 | 9,402 | 9,402 | - |
| Total expenditures | 1,342,525 | 1,432,159 | 89,634 | 1,447,714 | (15,555) |
| Net change in fund balance | (4,187) | (96,754) | (92,567) | (86,580) | 10,174 |
| Fund balance at beginning of year | 173,759 | 173,759 | - | 173,759 | - |
| Fund balance at end of year | $ 169,572 | $ 77,005 | $ (92,567) | $ 87,179 | $ 10,174 |

See independent auditor's report.

**EDUCATIONAL HORIZONS, INC.**
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**
**DISTRICT SCHOOL BOARD OF BREVARD COUNTY, FLORIDA**

## NOTE TO BUDGETARY COMPARISON SCHEDULE

## FOR THE YEAR ENDED JUNE 30, 2026

### 1 ANALYSIS OF GENERAL FUND BUDGET VARIANCES

The original budget was amended during the year to reflect changes in student enrollment and updated operating needs. Budgeted revenues remained relatively consistent between the original and final budgets. Budgeted instructional expenditures increased by approximately $112,000, while budgeted school administration expenditures decreased by approximately $35,000 as anticipated costs were reallocated between functions. As a result, total budgeted expenditures increased by approximately $90,000, increasing the anticipated decrease in fund balance from approximately $4,000 to $97,000.

Actual revenues were not significantly different from the final budgeted amounts. Actual expenditures were also generally consistent with the final budget, except for operation and maintenance of plant, which exceeded budget by approximately $48,000 due to higher than anticipated facility and maintenance costs combined with a larger portion of plant-related expenditures being funded through the capital projects fund during the year.

## 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 Educational Horizons, Inc., a Charter School
and Component Unit of the District School Board of Brevard 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 Educational Horizons, Inc. (the "School") as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 22, 2026.

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

## REPORT ON COMPLIANCE AND OTHER MATTERS

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

## PURPOSE OF THIS REPORT

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

BKHM, P.A.

Orlando, Florida
September 22, 2026

# ADDITIONAL INFORMATION REQUIRED BY RULES OF THE AUDITOR GENERAL, CHAPTER 10.850

To the Board of Directors of Educational Horizons, Inc., a Charter School
and Component Unit of the District School Board of Brevard County, Florida

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Educational Horizons, Inc. (the "School"), a charter school and component unit of the District School Board of Brevard County, Florida, as of and for the year ended June 30, 2026, and have issued our report thereon dated September 22, 2026.

## AUDITOR'S RESPONSIBILITY

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

## OTHER REPORTING REQUIREMENTS

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 22, 2026, should be considered in conjunction with this management letter.

## PRIOR AUDIT FINDINGS

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations 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 and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is Educational Horizons, Inc., and the school code assigned by the Florida Department of Education is 6511.

## FINANCIAL CONDITION AND MANAGEMENT

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

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

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

**TRANSPARENCY**

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

**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 have occurred, or are likely to have occurred, that have 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 Board of Directors, applicable management, and the District School Board of Brevard County, Florida and is not intended to be, and should not be, used by anyone other than these specified parties.

BKHM, P.A.

Orlando, Florida
September 22, 2026