

Step Up For Students- Florida, Inc. and Subsidiaries

Consolidated Financial Report
June 30, 2025

Contents

Independent auditor's report	1-3
<hr/>	
Financial statements	
Consolidated statement of financial position	4
Consolidated statement of activities	5
Consolidated statement of functional expenses	6-7
Consolidated statement of cash flows	8
Notes to consolidated financial statements	9-21
<hr/>	
Supplementary information	
Consolidating statement of financial position	22
Consolidating statement of activities	23
Schedule of expenditures of state financial assistance	24
Notes to schedule of expenditures of state financial assistance	25
<hr/>	
Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	26-27
<hr/>	
Report on compliance for each major state financial assistance project and report on internal control over compliance required by the State of Florida Chapter 10.650, <i>Rules of the Auditor General</i>	28-30
<hr/>	
Schedule of findings and questioned costs	31
<hr/>	

Independent Auditor's Report

Board of Directors
Step Up For Students-Florida, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Step Up For Students-Florida, Inc. and its subsidiaries (the Organization), which comprise the consolidated statement of financial position as of June 30, 2025, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

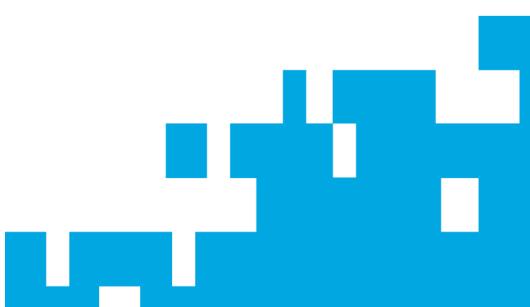
Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Organization 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 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Report on Summarized Comparative Information

We have previously audited the Organization's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 6, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying consolidating statement of financial position, consolidating statement of activities, and the schedule of expenditures of state financial assistance, as required by the State of Florida Chapter 10.650, *Rules of the Auditor General*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2025, on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

RSM US LLP

Orlando, Florida
December 17, 2025

Step Up For Students-Florida, Inc. and Subsidiaries

Consolidated Statement of Financial Position

June 30, 2025

(With Summarized Comparative Information as of June 30, 2024)

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 181,985,605	\$ 221,471,873
Pledges receivable, less allowance for uncollectible pledges of \$22,000,000 and \$20,000,000 in 2025 and 2024, respectively	547,606,042	561,494,599
Other receivables, less allowance for uncollectible accounts of \$1,211,189 and \$1,307,466 in 2025 and 2024, respectively	1,276,193	10,070,375
Prepaid expenses and other assets	2,644,272	1,164,146
Cash and cash equivalents restricted for FTC PEP and FTC ESA	252,755,363	113,096,606
Funds held in trust for students	707,619,654	562,034,175
Total current assets	1,693,887,129	1,469,331,774
Restricted certificate of deposit	116,000	116,000
Right-of-use lease assets	669,847	1,175,682
Property and equipment, net	35,174,739	25,774,759
Total assets	\$ 1,729,847,715	\$ 1,496,398,215
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 14,605,365	\$ 19,016,078
Accrued expenses	10,770,057	3,829,289
Scholarships payable—FTC PEP and FTC ESA	252,755,363	113,096,606
Funds held in trust for students liability	707,619,654	562,034,175
Current portion of right-of-use lease liabilities	418,927	519,330
Total current liabilities	986,169,366	698,495,478
Right-of-use lease liabilities, net of current portion	279,255	698,182
Total liabilities	986,448,621	699,193,660
Net assets:		
Without donor restrictions	43,721,984	38,129,055
With donor restrictions	699,677,110	759,075,500
Total net assets	743,399,094	797,204,555
Total liabilities and net assets	\$ 1,729,847,715	\$ 1,496,398,215

See notes to consolidated financial statements.

Step Up For Students-Florida, Inc. and Subsidiaries

Consolidated Statement of Activities

Year Ended June 30, 2025

(With Summarized Comparative Information for the Year Ended June 30, 2024)

	2025			
	Without Donor Restrictions	With Donor Restrictions	Total	Total 2024
Revenues and support:				
Contributions and grants:				
Florida Tax Credit Scholarship Program	\$ 127,772,689	\$ 648,600,335	\$ 776,373,024	\$ 803,097,333
Florida Hope Scholarship Program	-	79,647,113	79,647,113	78,126,858
Grants and other contributions	469,720	-	469,720	403,700
Other revenue and interest income	468,798	2,572,375	3,041,173	23,067,228
Scholarship service contract revenue	123,047	-	123,047	2,023,330
Net assets released from restrictions	790,218,213	(790,218,213)	-	-
Total revenues and support	919,052,467	(59,398,390)	859,654,077	906,718,449
Expenses:				
Program services:				
Florida Tax Credit Scholarship Program	819,154,004	-	819,154,004	1,177,598,200
Family Empowerment Scholarship Program	69,264,499	-	69,264,499	31,043,022
New Worlds Scholarship Accounts Program	3,688,148	-	3,688,148	1,780,426
Policy, Strategic Communications, Legislative Affairs and Advocacy	2,857,442	-	2,857,442	3,019,146
Transportation Stipend Program	1,654,193	-	1,654,193	-
Scholarship Service Contract	312,049	-	312,049	968,140
Florida Hope Scholarship Program	-	-	-	7,034,780
Total program services	896,930,335	-	896,930,335	1,221,443,714
Supporting services:				
General and administrative	14,017,180	-	14,017,180	17,587,936
Development and fundraising	2,512,023	-	2,512,023	2,046,979
Total supporting services	16,529,203	-	16,529,203	19,634,915
Total expenses	913,459,538	-	913,459,538	1,241,078,629
Change in net assets	5,592,929	(59,398,390)	(53,805,461)	(334,360,180)
Net assets:				
Beginning	38,129,055	759,075,500	797,204,555	1,131,564,735
Ending	\$ 43,721,984	\$ 699,677,110	\$ 743,399,094	\$ 797,204,555

See notes to consolidated financial statements.

Step Up For Students-Florida, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses

Year Ended June 30, 2025

(With Summarized Comparative Information for the Year Ended June 30, 2024)

	2025									
	Program Services									
	Florida Tax Credit Scholarship Program	Family Empowerment Scholarship Program	New Worlds Scholarship Accounts Program	Policy, Strategic Communications, Legislative Affairs and Advocacy	Transportation Stipend Program	Scholarship Service Contract	Total Program Services			
Scholarships and grants	\$ 790,233,792	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 790,233,792	
Contract services	5,076,467	36,914,786	1,928,828	520,163	712,345	48,540	45,201,129			
Salaries and wages	6,306,251	20,928,844	1,078,605	1,680,762	582,799	28,300	30,605,561			
Payroll taxes and employee benefits	1,493,822	5,017,390	269,064	382,402	138,920	6,320	7,307,918			
Software licenses, fees and subscriptions	5,153,190	2,344,517	104,306	85,779	28,144	5,374	7,721,310			
Depreciation	6,027,231	875,383	78,229	-	-	-	6,980,843			
Repairs and maintenance	3,038,643	508,409	39,295	-	295	16,496	3,603,138			
Recruiting and advertising	412,852	1,411,121	97,977	9,465	70,863	71	2,002,349			
Other costs	67,253	156,959	19,116	88,282	34,961	201,406	567,977			
Professional fees	6,947	11,953	97	-	7	-	19,004			
Rent	530,662	63,496	5,674	-	-	-	599,832			
Travel, lodging and meals	78,206	284,384	14,189	78,320	9,638	586	465,323			
Bank charges and fees	78,577	564,141	31,879	-	72,575	4,421	751,593			
Insurance	453,252	64,891	5,799	-	-	-	523,942			
Provision for doubtful accounts	(15,577)	-	-	-	-	-	(15,577)			
Printing and postage	47,612	57,548	10,658	1,936	2,092	97	119,943			
Telephone	97,545	25,846	1,973	91	560	247	126,262			
Office expenses	67,279	34,831	2,459	10,242	994	191	115,996			
Total	\$ 819,154,004	\$ 69,264,499	\$ 3,688,148	\$ 2,857,442	\$ 1,654,193	\$ 312,049	\$ 896,930,335			

(Continued)

Step Up For Students-Florida, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses (Continued)

Year Ended June 30, 2025

(With Summarized Comparative Information for the Year Ended June 30, 2024)

	2025					
	Supporting Services					
	General and Administrative	Development and Fundraising	Total Supporting Services		Total Expenses	Total 2024 Expenses
Scholarships and grants	\$ -	\$ -	\$ -	\$ 790,233,792	\$ 1,155,593,322	
Contract services	1,166,465	125,677	1,292,142	46,493,271	30,590,369	
Salaries and wages	8,499,296	1,472,714	9,972,010	40,577,571	29,571,394	
Payroll taxes and employee benefits	1,676,625	366,893	2,043,518	9,351,436	6,699,981	
Software licenses, fees and subscriptions	104,731	66,605	171,336	7,892,646	4,436,210	
Depreciation	50,078	-	50,078	7,030,921	4,108,200	
Repairs and maintenance	14,102	-	14,102	3,617,240	2,731,723	
Recruiting and advertising	783,366	83,484	866,850	2,869,199	2,286,286	
Other costs	126,241	183,785	310,026	878,003	1,228,124	
Professional fees	743,386	53,000	796,386	815,390	770,336	
Rent	1,183	-	1,183	601,015	578,450	
Travel, lodging and meals	319,128	80,942	400,070	865,393	549,115	
Bank charges and fees	57,245	6,756	64,001	815,594	541,511	
Insurance	920	1,050	1,970	525,912	490,069	
Provision for doubtful accounts	394,079	-	394,079	378,502	370,758	
Printing and postage	15,907	55,038	70,945	190,888	218,940	
Telephone	5,194	60	5,254	131,516	161,203	
Office expenses	59,234	16,019	75,253	191,249	152,638	
Total	\$ 14,017,180	\$ 2,512,023	\$ 16,529,203	\$ 913,459,538	\$ 1,241,078,629	

See notes to consolidated financial statements.

Step Up For Students-Florida, Inc. and Subsidiaries

Consolidated Statement of Cash Flows

Year Ended June 30, 2025

(With Summarized Comparative Information for the Year Ended June 30, 2024)

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ (53,805,461)	\$ (334,360,180)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,030,921	4,108,200
Provision for doubtful accounts	378,502	370,758
Change in operating assets and liabilities:		
(Increase) decrease in assets:		
Pledges receivable	13,888,557	(7,597,491)
Other receivables	8,415,680	(4,013,892)
Prepaid expenses and other assets	(1,480,126)	50,925
Right-of-use lease assets	505,835	506,588
Increase (decrease) in liabilities:		
Accounts payable	(4,410,713)	(32,330,580)
Accrued expenses	6,940,768	(1,378,961)
Scholarships payable—FTC PEP and FTC ESA	139,658,757	113,096,606
Funds held in trust for students liability	145,585,479	229,386,297
Right-of-use lease liabilities	(519,330)	(503,804)
Net cash provided by (used in) operating activities	262,188,869	(32,665,534)
Cash flows from investing activities:		
Purchases of property and equipment	(16,430,901)	(15,605,295)
Net cash used in investing activities	(16,430,901)	(15,605,295)
Net increase (decrease) in cash and cash equivalents	245,757,968	(48,270,829)
Cash and cash equivalents:		
Beginning	896,602,654	944,873,483
Ending	\$ 1,142,360,622	\$ 896,602,654
Cash and cash equivalents are included in the following captions on the consolidated statement of financial position:		
Cash and cash equivalents	\$ 181,985,605	\$ 221,471,873
Cash and cash equivalents restricted for FTC PEP and FTC ESA	252,755,363	113,096,606
Funds held in trust for students	707,619,654	562,034,175
	\$ 1,142,360,622	\$ 896,602,654
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 2,264	\$ 6,166

See notes to consolidated financial statements.

Step Up For Students-Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2024)

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization: The primary mission of Step Up For Students-Florida, Inc. and its subsidiaries (collectively, the Organization) is to empower families to access the best possible learning options for their children, with an emphasis on families who lack the information and financial resources to access these options. By pursuing this mission, the Organization helps public education fulfill the promise of equal opportunity.

Step Up For Students-Florida, Inc. (SUFS-FL) is a nonprofit organization incorporated on February 18, 2000. SUFS-FL is approved under Florida Statute 1002.395 to serve as a Scholarship Funding Organization (SFO) in the State of Florida, which allows the organization to administer the Florida Scholarship Programs. SUFS-FL administers the Florida Tax Credit Scholarship Program, Family Empowerment Scholarship Program, Transportation Stipend Program and the New Worlds Scholarship Accounts Program for the State of Florida. SUFS-FL serves as the controlling entity for the Organization.

Step Up For Students, Inc. (SUFS) is a nonprofit organization incorporated on December 3, 2021. SUFS serves as a supporting organization and provides services to SUFS-FL and SUFS-WV.

Step Up For Students-West Virginia, Inc. (SUFS-WV) is a nonprofit organization incorporated on December 10, 2021 as a subsidiary of SUFS. SUFS-WV was created to support the Hope Scholarship Program in the State of West Virginia under contract with the State of West Virginia's State Treasurer's Office.

The following is a summary of the programs operated by the Organization:

- **Florida Tax Credit Scholarship Program:** Florida Statute 1002.395 establishes the Florida Tax Credit Scholarship Program (FTC). As an SFO, SUFS-FL can solicit and receive corporate contributions that are entitled to a state FTC tax credit against 100% of corporate income tax, insurance premium tax, and direct-pay sales tax liabilities, 90% of alcoholic beverage tax liabilities, and 50% of oil and gas severance tax liabilities. Those contributions, in turn, must be spent to provide scholarships to Florida school children in compliance with the FTC. SFOs must expend for annual or partial-year scholarships an amount equal to or greater than 75% of the net eligible contributions remaining after administrative expenses (see Note 1 – Administration fee for management of Florida Scholarship Programs) during the year in which such contributions are collected. No more than 25% of such net eligible contributions may be carried forward for expenditure to the following year. However, no later than September 30 of each year, net eligible contributions remaining on June 30 of each year that are in excess of the 25% that may be carried forward shall be used to provide scholarships to eligible students or transferred to other eligible nonprofit SFOs to provide scholarships for eligible students. During the years ended June 30, 2025 and 2024, SUFS-FL received transferred funds from another SFO amounting to \$85,000,000 and \$69,850,000, respectively.

The FTC consists of two programs: The Florida Tax Credit Scholarship Program Educational Savings Account (FTC ESA) and the Personalized Education Program (FTC PEP). The FTC ESA is an educational savings account (ESA) for students enrolled in an eligible private school in the State. An FTC ESA Scholarship account is established for each child that is awarded a scholarship and enrolled in an eligible private school. Scholarship funds must be used for private school tuition and fees. Any remainder can be used for a combination of programs and state approved providers. These include specialists, curriculum and digital materials exclusive of devices.

Step Up For Students-Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2024)

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

For the 2024-2025 school year and the 2023-2024 school year, qualified students received a maximum scholarship of \$14,039 and \$11,223, respectively, to attend a private school that has been approved by the State of Florida. Scholarships under the FTC ESA are awarded annually to qualified students. To qualify for a scholarship, a student and the parents or guardian of that student must meet residency requirements for the State of Florida, enroll in an eligible private school and comply with certain other responsibilities for program participation. Scholarship payments were made to the schools after parent approval via automated clearing house (ACH) in quarterly installments. For the FTC ESA, schools continue to verify student attendance, and that the students' parents or guardians have complied with their responsibilities under the program.

Through the FTC ESA, SUFS-FL served 58,414 and 130,298 students in 1,776 and 2,159 private schools across Florida during the 2024-2025 school year and the 2023-2024 school year, respectively. SUFS-FL expended \$327,726,746 and \$1,001,410,875 for scholarships during the years ended June 30, 2025 and 2024, respectively.

The Organization has scholarships payable as of June 30, 2025 and 2024, of approximately \$23.7 million and \$40.1 million, respectively, which is recorded in the accompanying consolidated statement of financial position as part of scholarships payable—FTC PEP and FTC ESA.

The Florida Tax Credit Personalized Education Program (FTC PEP) is an ESA for K-12 Florida students who are not enrolled full-time in private or public school or a Home Education Program. The program allows students to receive an average of \$8,000, regardless of household income, to receive parent directed education. An FTC PEP Scholarship account is established for each child awarded a scholarship and can be used to pay for instructional materials/curriculum, contracted services provided by a public school (including classes), tuition for an eligible home education instruction program, fees for standardized testing, private tutoring, post-secondary education or approved apprenticeship program and digital materials, exclusive of digital devices.

In the 2024-2025 school year, SUFS-FL served 59,526 FTC PEP students and expended \$462,507,046 for scholarships during the year ended June 30, 2025. In the 2023-2024 school year, SUFS-FL served 19,192 FTC PEP students and expended \$147,915,424 for scholarships during the year ended June 30, 2024. The Organization has scholarships payable as of June 30, 2025 and 2024, of approximately \$229.1 million and \$73.0 million, respectively, related to FTC PEP, which is recorded in the accompanying consolidated statement of financial position as part of scholarships payable—FTC PEP and FTC ESA.

- **Family Empowerment Scholarship Program:** The Family Empowerment Scholarship Program was established by Florida Statute 1002.394, which was created in 2019, to provide children and families in the State of Florida, who have limited resources with educational options to achieve success in their education. This scholarship was created to help reduce the waiting list for the Florida Tax Credit Scholarship Program. Beginning with the 2021-2022 school year, this program was expanded to include two branches, the Family Empowerment Scholarship for Educational Options (FES-EO) and the Family Empowerment Scholarship for Students with Unique Abilities (FES-UA). Beginning with the 2023-2024 school year, the Florida legislature converted FES-EO into an Education Savings Account (ESA), similar to the FES-UA scholarship program. Students who participate in this scholarship must be enrolled in a private school and may not receive any other state sponsored scholarships. An FES-EO ESA Scholarship account is established for each child that is awarded a scholarship. Scholarship funds must be used for private school tuition and fees. Any remainder can be used for a combination of programs and state approved providers. These include specialists, curriculum and technology.

Step Up For Students-Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2024)

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

SUFS-FL, as an approved SFO, administered this scholarship and served 266,023 and 146,159 K-12 students and distributed approximately \$1.990 billion and \$1.035 billion in scholarships for the 2024-2025 school year and the 2023-2024 school year, respectively, through the FES-EO ESA/FES-EO Program. Due to the program's conversion to an ESA, the balance for the years ended June 30, 2025 and 2024, was approximately \$103.0 million and \$60.8 million, respectively, which is recorded in the accompanying consolidated statement of financial position as both an asset and liability. SUFS-FL is acting as an agent for this program, therefore, there are no revenues and expenses reported on the accompanying consolidated statement of activities for scholarship funds received and distributed from the State of Florida.

For the 2024-2025 school year and the 2023-2024 school year, FES-EO ESA/FES-EO qualified students received a maximum scholarship of \$14,039 and \$11,223, respectively, to attend a private school that has been approved by the State of Florida. Scholarships are disbursed when a student attends a qualified school.

The Family Empowerment Scholarship for Students with Unique Abilities was established in 2014, creating scholarships for students with unique abilities. This scholarship is for Florida students in kindergarten through 12th grade with one of the following disabilities: Autism, Cerebral Palsy, Down Syndrome, intellectual disability, speech impairment, language impairment, orthopedic impairment, behavioral impairment, specific learning disability, Phelan-McDermid Syndrome, Prader-Willi Syndrome, Spina Bifida, Muscular Dystrophy, Williams Syndrome, anaphylaxis, visual impairment, traumatic brain injury, hospital or home bound, being a high risk child or identification as dual sensory impaired. The students need either an Individual Education Plan (IEP) from a Florida school district or a formal diagnosis from a licensed physician or psychologist to qualify. Students can participate in this scholarship as part of home education; however, they cannot be enrolled in public school or be receiving any other state-sponsored scholarships. A FES-UA Scholarship account is established for each child that is awarded a unique abilities scholarship. Parents use this money to personalize the education of their children with unique abilities by directing money towards a combination of programs and state approved providers. These include schools, therapists, specialists, curriculum, technology and college savings accounts. Through the FES-UA Program, 126,446 and 91,061 eligible students received scholarships for the 2024-2025 school year and the 2023-2024 school year, respectively.

During the years ended June 30, 2025 and 2024, SUFS-FL distributed approximately \$1.1 billion and \$977.0 million, respectively, leaving a balance of approximately \$579.0 million and \$481.8 million, respectively, which is recorded in the accompanying consolidated statement of financial position as both an asset and liability. SUFS-FL is acting as an agent for this program; therefore, there are no revenues and expenses reported on the accompanying consolidated statement of activities for scholarship funds received and distributed from the State of Florida.

Step Up For Students-Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2024)

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

- **New Worlds Scholarship Accounts Program:** The New Worlds Scholarship Accounts Program was established by Florida Statute 1002.411 to provide academic support for elementary school students who struggle in reading and/or math, in district or charter schools. SUFS-FL, as an approved SFO, is authorized to administer the program. The scholarship is available to students in kindergarten through fifth grade who have scored a Level 1 or 2 on the English Language Arts and/or Math section of the Florida Standards Assessment (FSA). Each scholarship is worth a maximum of \$1,200, irrespective of whether the student needs help in either or both areas of study. The parent can use these funds to pay for tuition and fees related to part-time tutoring, summer and after-school programs, instructional materials and more. The funding is from direct state appropriation. A New Worlds Scholarship account is established for each child that is awarded a scholarship. Through the New Worlds Scholarship Accounts Program, 24,551 and 19,670 students received scholarships for the 2024-2025 school year and the 2023-2024 school year, respectively. The State of Florida elected not to fund the program for the 2025-2026 school year.

During the years ended June 30, 2025 and 2024, SUFS-FL distributed approximately \$22.0 million and \$9.0 million, respectively, leaving a balance of approximately \$25.6 million and \$15.4 million, respectively, which is recorded in the accompanying consolidated statement of financial position as both an asset and liability. SUFS-FL is acting as an agent for this program, therefore, there are no revenues and expenses reported on the accompanying consolidated statement of activities for scholarship funds received and distributed from the State of Florida.

- **Policy, Strategic Communications, Legislative Affairs and Advocacy:** This team takes the message of the scholarship program to constituency groups, community and political leaders and local, state and national news publications. It issues press releases on topics of special concern and writes commentary for various publications. The group analyzes demographic, achievement and participation data and trends in the program and education choice movement. This team responds to numerous information requests from newspapers, other media and legislative and agency offices. This team also organizes advocates and supporters who believe children should be educated based on their learning needs, rather than where they live. This group educates, informs and trains parents to be advocates and supporters for the protection and expansion of choice opportunities. These services are provided to parents of children participating in programs administered by the Organization.
- **Transportation Stipend Program:** The Florida's transportation stipend program provides eligible households with \$750 to cover the cost of transporting their children to Florida nonvirtual public schools different from the school to which the student is assigned. Transportation Stipends are available to students enrolled in kindergarten through grade eight (K-8). Qualifying public schools may include:
 - A magnet school or other school of choice operated by a school district.
 - A charter school.
 - A developmental research school operated by a state university.
 - A school participating in a school district's open enrollment policy.

A "household" is a group of people who share housing and other significant expenses. The funding is from direct state appropriation. A Transportation Stipend account is established for each child that is awarded a transportation stipend scholarship. Through the Transportation Stipend Program, 17,805 eligible students received scholarships for the 2024-2025 school year.

Step Up For Students-Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2024)

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

During the year ended June 30, 2025, SUFS-FL distributed approximately \$13.4 million, leaving a balance of \$91,348, which is recorded in the accompanying consolidated statement of financial position as both an asset and liability. SUFS-FL is acting as an agent for this program, therefore, there are no revenues and expenses reported on the accompanying consolidated statement of activities for scholarship funds received and distributed from the State of Florida.

- **Scholarship Service Contract:** Effective July 1, 2024, SUFS-WV is no longer under contract with the State of West Virginia's State Treasurer's Office. SUFS-WV had a contract with the State of West Virginia's State Treasurer's Office to assist with the administration of the West Virginia Hope Scholarship Program in the State of West Virginia. The West Virginia Hope Scholarship Program offered qualifying K-12 students an opportunity to build an individual learning experience. SUFS-WV was contracted to provide scholarship administrative services to include processing applications for eligibility and being the fiduciary of the student's scholarship funds, which were used for qualifying educational expenses. For the 2023-2024 school year, 6,355 students received scholarships, up to a maximum of \$8,787. SUFS-WV was compensated for its work by receiving reimbursement for implementation costs associated with the scholarship program as well as a service fee from the State of West Virginia's State Treasurer's Office to provide these services.
- **Florida Hope Scholarship Program:** Effective July 1, 2024, the Florida Hope Scholarship Program was merged into the Florida Tax Credit Scholarship Program (FTC) by Florida House Bill 1 (2023). The tax credit donation process mentioned below continues, funding more FTC scholarships. The Florida Hope Scholarship Program was established by Florida Statute 1002.40, which was created in 2018 to provide the option of private school scholarships to students in public schools who have experienced acts of bullying and intimidation. SUFS-FL, as an approved SFO, is authorized to administer Florida Hope Scholarships. The Florida Hope Scholarship Program provides that automobile buyers may redirect up to \$105 of their state taxes on each purchase toward an authorized SFO. Those contributions must be used to provide tuition scholarships to participating private schools to a public school in another district. For the 2023-2024 school year, qualified students received a maximum scholarship of \$11,223. Through the Florida Hope Scholarship Program, 893 students received scholarships for the 2023-2024 school year. During the years ended June 30, 2025 and 2024, SUFS-FL collected \$79,647,113 and \$78,126,858, respectively, of eligible contributions. SUFS-FL expended \$6,267,023 for scholarships during the year ended June 30, 2024.

Administrative fee for management of Florida Scholarship Programs: In accordance with the provisions of the Florida Statutes, SUFS-FL can receive an administrative fee to administer the Florida Scholarship Programs. SUFS-FL receives 3% of scholarships funded for the 2024-2025 school year and the 2023-2024 school year. For the 2024-2025 school year and the 2023-2024 school year, total scholarships funded were 563,143 and 404,630, respectively, which resulted in \$127,772,689 and \$93,215,794 of administrative fees during the years ended June 30, 2025 and 2024, respectively.

A summary of the Organization's significant accounting policies follows:

Principles of consolidation: The consolidated financial statements include the accounts of Step Up For Students-Florida, Inc. and its subsidiaries through controlling interests, SUFS and SUFS-WV. All significant intercompany transactions have been eliminated during consolidation.

Step Up For Students-Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2024)

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Comparative financial statements: The consolidated financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Use of estimates: The presentation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 consolidated financial statements and the reported amounts of revenues and support, and expenses during the reporting period. Actual results could differ from those estimates.

Basis of presentation: The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

A nonprofit organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, net assets of the Organization, and changes therein, are classified and reported as follows:

Net assets without donor restrictions: Net assets are not subject to donor-imposed stipulations, but may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restrictions: Net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Organization, passage of time, or permanently maintained by the Organization. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Cash and cash equivalents: For purposes of the consolidated statement of cash flows, the Organization considers all short-term securities purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents exclude funds held in trust for students and cash and cash equivalents restricted for FTC PEP and FTC ESA.

The Organization maintains its cash accounts at commercial banks, which are insured by the Federal Deposit Insurance Corporation (FDIC). Balances exceed amounts insured by the FDIC and the Organization has not experienced any losses on such accounts. To help reduce any potential losses, excess balances are swept into a money market fund, which is invested in U.S. Government Obligations.

The majority of the cash and cash equivalents held by the Organization is intended for disbursement of future scholarships in accordance with the provisions of the Florida Tax Credit Scholarship Program. The following table shows the amount of cash and cash equivalents on hand that has been allocated to cover upcoming costs for scholarships and other expenditures and undesignated amounts.

Step Up For Students-Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2024)

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Cash and cash equivalents consisted of the following at June 30:

	2025	2024
Allocated to cover upcoming costs for scholarships and other expenditures	\$ 167,552,472	\$ 212,598,766
Undesignated	14,433,133	8,873,107
	<u>\$ 181,985,605</u>	<u>\$ 221,471,873</u>

Pledges receivable, contributions and grants: Unconditional contributions and grants are recorded in the period received at fair value as net assets without donor restrictions or net assets with donor restrictions support, depending on the existence or nature of any donor restrictions. Contributions and grants that are restricted by the donor are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When time restrictions expire or purpose restrictions are fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give (pledges) are recognized as support in the period received at fair value. Unconditional promises to give (pledges) that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. All pledges receivable are due within one year and therefore, are reflected as current assets in the statement of financial position. Conditional contributions or intentions to give, that is those with both a measurable performance or other barrier and a right of return or release, are not recognized until they become unconditional, that is, at the time when the conditions on which they depend on are substantially met. The Organization uses the allowance method to determine uncollectible pledges receivable. The allowance is established based upon management's analysis of specific pledges and other economic factors. The Organization has received promises to give from corporations for the Florida Tax Credit Scholarship Program.

Pledges, which become uncollectible or for which an allowance is established in the year of the pledge, are written off against contribution revenue. Pledges which become uncollectible in subsequent years are charged to the allowance for uncollectible pledges. In the opinion of management, an allowance for uncollectible pledges of \$22,000,000 and \$20,000,000 was considered necessary at June 30, 2025 and 2024, respectively.

Contributed services are recognized and reported at fair value in the period received, if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. There were no material contributed services for the years ended June 30, 2025 and 2024.

Other receivables: Other receivables primarily represent amounts due from schools for refunds of scholarships payments and are stated at net realizable value. The Organization uses the allowance method to determine uncollectible accounts. The allowance is established based upon management's analysis of specific accounts and other economic factors. In the opinion of management, an allowance for uncollectible accounts of \$1,211,189 and \$1,307,466 was considered necessary at June 30, 2025 and 2024, respectively.

Restricted certificate of deposit: Restricted certificate of deposit held by the Organization represents funds required to be set aside by the lessor relating to an office lease signed by the Organization for collateral and is carried at amortized cost.

Step Up For Students-Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2024)

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Property and equipment: Property and equipment is recorded at cost when purchased or at fair value at the date of gift, if contributed. Depreciation of property and equipment is computed using the straight-line method of accounting over the estimated useful lives of the depreciable assets. Routine maintenance and repair costs are charged to expense as incurred, while major replacements and improvements are capitalized as additions to the related assets. When assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts and gains or losses from dispositions are credited or charged to income.

Impairment of long-lived assets: The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate such value may not be recoverable. Recoverability of assets or asset groups to be held and used is measured by a comparison of the carrying amount of an asset or asset group to future net cash flows expected to be generated by the asset or asset group. If such assets or asset groups are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets or asset group. Assets or asset groups to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. No impairment of the Organization's long-lived assets or asset groups have been recognized during the years ended June 30, 2025 and 2024.

Funds held in trust for students and funds held in trust for students liability: Funds held in trust for students and funds held in trust for students liability represents funds received for the Family Empowerment Scholarship for Students with Unique Abilities (FES-UA), the Family Empowerment Scholarship for Educational Options Education Savings Account (FES-EO ESA), the New Worlds Scholarship Accounts Program, the Transportation Stipend Program and the West Virginia Hope Scholarship Program. A FES-UA Scholarship account is established for each child that is awarded a special needs scholarship, a New Worlds Scholarship account is established for each child that is awarded a reading and or math scholarship, a Transportation Stipend account is established for each child that is awarded a transportation stipend and a West Virginia Hope Scholarship account is established for each child that is awarded a personal education account scholarship. A FES-EO ESA Scholarship account is established for each child that is awarded a scholarship under this program. As parents use these funds in accordance with State of Florida and West Virginia guidelines, the asset and liability are reduced accordingly.

The following represents a breakout of the funds held in trust for students and funds held in trust for students liability at June 30:

	2025	2024
FES-UA	\$578,959,677	\$481,829,478
FES-EO ESA	102,960,402	60,756,444
New Worlds Scholarship Accounts Program	25,608,227	15,396,284
Transportation Stipend Program	91,348	-
West Virginia Hope Scholarship Program	-	4,051,969
	<hr/> <u>\$707,619,654</u>	<hr/> <u>\$562,034,175</u>

Step Up For Students-Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2024)

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Functional expenses: The costs of providing the various programs and supporting services have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the various programs and supporting services benefited. Salaries and related payroll expenses are allocated among functional categories based on the estimated proportion of time spent to each function. All other expenses are allocated based on management's estimate of the relative functional activity.

Income taxes: SUFS-FL, SUFS and SUFS-WV are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the State of Florida Statutes. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying consolidated financial statements. SUFS-FL has made an election under Section 501(h) of the Internal Revenue Code, which permits certain eligible 501(c)(3) organizations to make limited expenditures to influence legislation. The Organization would be subject to an excise tax if it spends more than the amounts permitted. Such limits have not been exceeded.

The Organization follows accounting standards relating to accounting for uncertainty in income taxes. Management assessed whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying consolidated financial statements. Generally, the Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before June 30, 2022.

Leases: The Organization has operating leases for certain office equipment and office space. The Organization determines if an arrangement is a lease at the inception of a contract. Lease assets and lease liabilities are recognized based on the present value of the lease payments over the lease term at the commencement date. To determine the present value of lease payments, the Organization uses the incremental borrowing rate, as determined through an analysis of its prospective borrowing rate on new loans, which is aligned with the lease term at the lease commencement date. Operating lease expense is recognized on a straight-line basis over the lease term.

Right-of-use (ROU) lease assets represent the Organization's right to use an underlying asset during the lease term and ROU lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU lease assets and ROU lease liabilities are reflected in the consolidated statement of financial position (see Note 5).

The Organization's office space lease includes one option to renew, the exercise of such lease renewal option is at the Organization's sole discretion. The renewal term is included in the ROU lease liabilities only when it is reasonably possible the Organization will exercise the option. Leases with a lease term of 12 months or less at commencement are not recorded in the consolidated statement of financial position.

The Organization's office space lease agreement requires payments for lease and non-lease components and has elected to exclude the non-lease components for this operating lease. The non-lease components typically represent additional payments by the Organization, which are variable in nature and recorded in variable lease expense in the period incurred.

Subsequent events: The Organization has evaluated subsequent events through December 17, 2025, the date on which the consolidated financial statements were available to be issued.

Step Up For Students-Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2024)

Note 2. Property and Equipment

Property and equipment consisted of the following at June 30:

	2025	2024
Furniture and equipment	\$ 1,918,670	\$ 1,585,774
Software development	45,427,674	29,216,253
Other software	3,758,029	3,999,881
Leasehold improvements	85,544	85,544
	<hr/>	<hr/>
Less accumulated depreciation	51,189,917	34,887,452
	(16,015,178)	(9,112,693)
	<hr/>	<hr/>
	\$ 35,174,739	\$ 25,774,759

Beginning in 2021, the Organization began investing in the development of a new software platform to better serve its scholarship students and families. The Education Marketplace Assistant (EMA) platform contains student accounts and is the platform on which payments to schools, providers and parents will be recorded. This is cloud-based, which allows the Organization to better manage future growth in programs, while enhancing the student/family experience and supporting schools and providers. The EMA platform was placed into service beginning with the 2023-2024 school year. It continues to be enhanced to include workflows. As of June 30, 2025, the Organization has invested over approximately \$42.9 million in the EMA platform and the costs associated with this investment are included in the software development line above.

Depreciation expense for the years ended June 30, 2025 and 2024, was \$7,030,921 and \$4,108,200, respectively.

Note 3. Line of Credit

SUFS-FL has a \$62,000,000 line of credit agreement with a bank bearing interest at the one-month Secured Overnight Financing Rate (SOFR) interest rate plus 1.1% (5.4% at June 30, 2025). Interest on the line of credit is payable monthly and matures on August 30, 2026. The line of credit is collateralized by substantially all the assets of SUFS-FL and guaranteed by SUFS and SUFS-WV. The Organization maintains \$60,000,000 of the line of credit for the purpose of funding Florida Tax Credit Scholarship commitments under SUFS-FL, in the event that expected contributions from donors are delayed and \$2,000,000 for operating liquidity. There was no outstanding balance on the line of credit at June 30, 2025 and 2024.

Note 4. Net Assets

Net assets without donor restrictions are available for the following purposes at June 30:

	2025	2024
Undesignated	<hr/>	<hr/>
	\$ 43,721,984	\$ 38,129,055

Step Up For Students-Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2024)

Note 4. Net Assets (Continued)

Net assets with donor restrictions are available for the following purposes at June 30:

	2025	2024
Florida Tax Credit Scholarship Program	<u>\$ 699,677,110</u>	<u>\$ 759,075,500</u>

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

	2025	2024
Florida Tax Credit Scholarship Program	\$ 790,218,213	\$ 1,149,318,569
Florida Hope Scholarship Program	-	6,267,023
Policy, Strategic Communications, Legislative Affairs and Advocacy	-	294,367
	<u>\$ 790,218,213</u>	<u>\$ 1,155,879,959</u>

Note 5. Leases

The Organization leases certain office equipment and office space under operating leases, which expire at various dates through April 2027.

The components of lease expense and supplemental consolidated cash flow information related to leases for the years ended June 30, are as follows:

	2025	2024
Operating lease cost	\$ 543,543	\$ 561,284
Variable lease cost	57,472	17,166
	<u>\$ 601,015</u>	<u>\$ 578,450</u>

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 559,192	\$ 564,666
Weighted-average remaining lease term—operating leases (years)	1.7	2.5
Weighted average discount rate—operating leases	3.85%	3.85%

The ROU lease liabilities and their maturity analysis are summarized as follows as of June 30, 2025:

Years ending June 30:

2026	\$ 440,120
2027	286,349
	<u>726,469</u>
Total minimum payments required	(28,287)
Less amounts representing interest	<u>\$ 698,182</u>
Present value of minimum lease payments	\$ 698,182

Step Up For Students-Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2024)

Note 5. Leases (Continued)

The present value of minimum lease payments is included in the following captions in the consolidated statement of financial position at June 30, 2025:

Current portion of right-of-use lease liabilities	\$ 418,927
Right-of-use lease liabilities, net of current portion	279,255
	<u>\$ 698,182</u>

Note 6. Liquidity and Availability of Resources

As of June 30, 2025 and 2024, the following reflects the Organization's financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions, within one year of June 30:

	2025	2024
Financial assets, at year-end:		
Cash and cash equivalents	\$ 181,985,605	\$ 221,471,873
Pledges receivable, net	547,606,042	561,494,599
Other receivables, net	1,276,193	10,070,375
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donors with purpose restrictions	(699,677,110)	(759,075,500)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 31,190,730</u>	<u>\$ 33,961,347</u>

The Organization's goal is to manage its tax-credited fundraising and associated scholarship commitments, such that as many students as possible receive a scholarship, while maintaining at least an 8.5% reserve of the funds received. The purpose of that reserve is to accommodate for timing differences and potential rescindments by donors and to ensure sufficient funding is available for the first quarter tuition payments in the next fiscal year. The Organization has managed scholarship commitments for the next school year, accordingly, to maintain the targeted reserve.

Historically, the Organization pays scholarship payments four times per year during the school year, the timing for which is established based on the timing of funds received. Donations received between scholarship payments are invested in short term U.S. Treasury instruments, the interest from which is designated to fund scholarships.

The Organization maintains a \$62 million line of credit of which \$60 million is restricted for the purpose of funding scholarship commitments in the event that expected contributions from donors are delayed and \$2 million for short-term operating liquidity.

During the years ended June 30, 2025 and 2024, the Organization had approximately \$13.0 million and \$6.3 million, respectively, in Family Empowerment Scholarship Program funds that are due to the Florida Department of Education (DOE) for scholarship recipients that did not use their scholarship in the 2024-2025 school year and in the 2023-2024 school year. These funds have been included in accounts payable at June 30, 2025 and 2024.

Step Up For Students-Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(With Summarized Comparative Information as of and for the Year Ended June 30, 2024)

Note 7. Major Donors

SUFS-FL: Contributions from two major donors accounted for approximately 37% of contributions and grants—Florida Tax Credit Scholarship Program during the year ended June 30, 2025. At June 30, 2025, approximately 42% of pledges receivable were due from these major donors. Contributions from two major donors accounted for approximately 30% of contributions and grants—Florida Tax Credit Scholarship Program during the year ended June 30, 2024. At June 30, 2024, approximately 40% of pledges receivable were due from these major donors.

Note 8. Retirement Plan

The Organization has a defined contribution 401(k) Savings Plan (the Plan). All employees who meet certain age and service requirements are eligible to participate in the Plan. The Plan provides for salary reduction contributions from employees up to the federal tax limit according to the Internal Revenue Code. In addition, there could be additional retirement benefits from discretionary employer contributions. Contributions to this Plan for the years ended June 30, 2025 and 2024, were \$1,737,553 and \$1,305,418, respectively, which is included in payroll taxes and employee benefits in the accompanying consolidated statement of functional expenses.

Step Up For Students-Florida, Inc. and Subsidiaries

Consolidating Statement of Financial Position June 30, 2025

	Step Up For Students, Inc.	Step Up For Students- Florida, Inc.	Step Up For Students-West Virginia, Inc.	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,455,739	\$ 180,001,599	\$ 528,267	\$ -	\$ 181,985,605
Pledges receivable, net	-	547,606,042	-	-	547,606,042
Other receivables, net	18,814	1,257,379	-	-	1,276,193
Prepaid expenses and other assets	778,984	1,865,288	-	-	2,644,272
Cash and cash equivalents restricted for FTC PEP and FTC ESA	-	252,755,363	-	-	252,755,363
Funds held in trust for students	-	707,619,654	-	-	707,619,654
Due from related party	-	1,518,956	-	(1,518,956)	-
Total current assets	2,253,537	1,692,624,281	528,267	(1,518,956)	1,693,887,129
Restricted certificate of deposit	-	116,000	-	-	116,000
Right-of-use lease assets	669,847	-	-	-	669,847
Property and equipment, net	452,370	34,722,369	-	-	35,174,739
Total assets	\$ 3,375,754	\$ 1,727,462,650	\$ 528,267	\$ (1,518,956)	\$ 1,729,847,715
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 67,493	\$ 14,537,872	\$ -	\$ -	\$ 14,605,365
Accrued expenses	1,086,184	9,683,873	-	-	10,770,057
Scholarships payable—FTC PEP and FTC ESA	-	252,755,363	-	-	252,755,363
Funds held in trust for students liability	-	707,619,654	-	-	707,619,654
Due to related party	1,463,150	-	55,806	(1,518,956)	-
Current portion of right-of-use lease obligations	418,927	-	-	-	418,927
Total current liabilities	3,035,754	984,596,762	55,806	(1,518,956)	986,169,366
Right-of-use lease obligations, net of current portion	279,255	-	-	-	279,255
Total liabilities	3,315,009	984,596,762	55,806	(1,518,956)	986,448,621
Net assets:					
Without donor restrictions	60,745	43,188,778	472,461	-	43,721,984
With donor restrictions	-	699,677,110	-	-	699,677,110
Total net assets	60,745	742,865,888	472,461	-	743,399,094
Total liabilities and net assets	\$ 3,375,754	\$ 1,727,462,650	\$ 528,267	\$ (1,518,956)	\$ 1,729,847,715

Step Up For Students-Florida, Inc. and Subsidiaries

Consolidating Statement of Activities

Year Ended June 30, 2025

	Step Up For Students, Inc.			Step Up For Students-Florida, Inc.			Step Up For Students-West Virginia, Inc.			Eliminations	Consolidated
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
Revenues and support:											
Contributions and grants:											
Florida Tax Credit Scholarship Program	\$ -	\$ -	\$ -	\$ 127,772,689	\$ 648,600,335	\$ 776,373,024	\$ -	\$ -	\$ -	\$ -	\$ 776,373,024
Florida Hope Scholarship Program	-	-	-	-	79,647,113	79,647,113	-	-	-	-	79,647,113
Grants and other contributions	-	-	-	469,720	-	469,720	-	-	-	-	469,720
Other revenue and interest income	35,571,813	-	35,571,813	414,122	2,572,375	2,986,497	24,189	-	24,189	(35,541,326)	3,041,173
Scholarship service contract revenue	-	-	-	-	-	-	123,047	-	123,047	-	123,047
Net assets released from restrictions	-	-	-	790,218,213	(790,218,213)	-	-	-	-	-	-
Total revenues and support	35,571,813	-	35,571,813	918,874,744	(59,398,390)	859,476,354	147,236	-	147,236	(35,541,326)	859,654,077
Expenses:											
Program services:											
Florida Tax Credit Scholarship Program	-	-	-	819,154,004	-	819,154,004	-	-	-	-	819,154,004
Family Empowerment Scholarship Program	-	-	-	69,264,499	-	69,264,499	-	-	-	-	69,264,499
New Worlds Scholarship Accounts Program	-	-	-	3,688,148	-	3,688,148	-	-	-	-	3,688,148
Policy, Strategic Communications, Legislative Affairs and Advocacy	-	-	-	2,856,251	-	2,856,251	1,191	-	1,191	-	2,857,442
Transportation Stipend Program	-	-	-	1,654,193	-	1,654,193	-	-	-	-	1,654,193
Scholarship Service Contract	-	-	-	-	-	-	312,049	-	312,049	-	312,049
Total program services	-	-	-	896,617,095	-	896,617,095	313,240	-	313,240	-	896,930,335
Supporting services:											
General and administrative	35,541,326	-	35,541,326	13,475,063	-	13,475,063	542,117	-	542,117	(35,541,326)	14,017,180
Development and fundraising	-	-	-	2,512,023	-	2,512,023	-	-	-	-	2,512,023
Total supporting services	35,541,326	-	35,541,326	15,987,086	-	15,987,086	542,117	-	542,117	(35,541,326)	16,529,203
Total expenses	35,541,326	-	35,541,326	912,604,181	-	912,604,181	855,357	-	855,357	(35,541,326)	913,459,538
Change in net assets	30,487	-	30,487	6,270,563	(59,398,390)	(53,127,827)	(708,121)	-	(708,121)	-	(53,805,461)
Net assets:											
Beginning	30,258	-	30,258	36,918,215	759,075,500	795,993,715	1,180,582	-	1,180,582	-	797,204,555
Ending	\$ 60,745	\$ -	\$ 60,745	\$ 43,188,778	\$ 699,677,110	\$ 742,865,888	\$ 472,461	\$ -	\$ 472,461	\$ -	\$ 743,399,094

Step Up For Students-Florida, Inc. and Subsidiaries**Schedule of Expenditures of State Financial Assistance**
Year Ended June 30, 2025

Grantor/Pass-Through Grantor/Program Title	State CSFA Number	Contract/Grant Number	Amounts Provided to Subrecipients	State Expenditures
State financial assistance:				
Florida Department of Education and Commissioner of Education:				
Direct program:				
New Worlds Scholarship Accounts Program	48.157	92X-90675-5D001	\$ -	\$ 22,017,547
Public School Choice Transportation Stipend	None	92X-90555-5S001	<hr/> \$ -	\$ 13,350,750
Total expenditures of state financial assistance			<hr/> \$ -	<hr/> \$ 35,368,297

See notes to schedule of expenditures of state financial assistance.

Step Up For Students-Florida, Inc. and Subsidiaries

Notes to Schedule of Expenditures of State Financial Assistance Year Ended June 30, 2025

Note 1. Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state financial assistance project activity of Step Up For Students-Florida, Inc. and its subsidiaries (the Organization), under programs of the State of Florida for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of the State of Florida Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are recognized on the accrual basis of accounting. Such expenditures are reported following the cost principles established by the State of Florida Department of Financial Services, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers (contract or grant number) are presented where available.

SUFS-FL is acting as an agent for the New Worlds Scholarship Accounts Program; therefore, there are no revenues and expenses reported on the accompanying consolidated statement of activities for scholarship funds received and distributed from the State of Florida. The expenditures reported as state financial assistance on the Schedule represent amounts distributed for reimbursement of program-related expenditures on behalf of eligible children, which totaled \$22,017,547.

SUFS-FL is acting as an agent for the Public School Choice Transportation Stipend; therefore, there are no revenues and expenses reported on the accompanying consolidated statement of activities for scholarship funds received and distributed from the State of Florida. The expenditures reported as state financial assistance on the Schedule represent amounts distributed for reimbursement of program-related expenditures on behalf of eligible children, which totaled \$13,350,750.

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards***

Independent Auditor's Report

Board of Directors
Step Up For Students-Florida, 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 (*Government Auditing Standards*), the consolidated financial statements of Step Up For Students-Florida, Inc. and its subsidiaries (the Organization), which comprise the Organization's consolidated statement of financial position as of June 30, 2025, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements), and have issued our report thereon dated December 17, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

RSM US LLP

Orlando, Florida
December 17, 2025

**Report on Compliance for Each Major State Financial Assistance Project
and Report on Internal Control Over Compliance Required by the
State of Florida Chapter 10.650, *Rules of the Auditor General***

Independent Auditor's Report

Board of Directors
Step Up For Students-Florida, Inc.

Report on Compliance for Each Major State Financial Assistance Project

Opinion on Each Major State Financial Assistance Project

We have audited Step Up For Students-Florida, Inc. and its subsidiaries' (the Organization) compliance with the types of compliance requirements identified as subject to audit in the State of Florida's *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major state financial assistance projects for the year ended June 30, 2025. The Organization's major state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state financial assistance projects for the year ended June 30, 2025.

Basis for Opinion on Each Major State Financial Assistance Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the State of Florida Chapter 10.650, *Rules of the Auditor General* (Chapter 10.650). Our responsibilities under those standards and Chapter 10.650 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major state financial assistance project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's state financial assistance projects.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.650 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major state financial assistance project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.650, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Orlando, Florida
December 17, 2025

Step Up For Students-Florida, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes

X No

Significant deficiency(ies) identified?

Yes

X None Reported

Noncompliance material to financial statements noted?

Yes

X No

State Financial Assistance Projects

Internal control over major programs:

Material weakness(es) identified?

Yes

X No

Significant deficiency(ies) identified?

Yes

X None Reported

Type of auditor's report issued on compliance for major state financial assistance projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with State of Florida Chapter 10.650, *Rules of the Auditor General?*

Yes

X No

Identification of major programs:

CSFA Number(s)

48.157

None

Name of State Financial Assistance Project

New Worlds Scholarship Accounts Program
Public School Choice Transportation Stipend

Dollar threshold used to distinguish between type A and type B state financial assistance projects:

\$ 1,061,049

II. Financial Statement Findings

No matters to report.

III. Findings and Questioned Costs for State Financial Assistance

No matters to report.

IV. Other Reporting

1. No Summary Schedule of Prior Audit Findings is presented because there were no prior audit findings.
2. There was no management letter (as defined by Section 10.654(1)(e), *Rules of the Florida Auditor General*) issued in connection with this audit.