MARCO ISLAND ACADEMY, A PUBLIC CHARTER HIGH SCHOOL, INC.

A Charter School and Component Unit of the
District School Board of Collier County, Florida

Financial Statements
with Independent Auditor's Reports Thereon

June 30, 2026

McCRADY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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MARCO ISLAND ACADEMY, A PUBLIC CHARTER HIGH SCHOOL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Marco Island Academy, A Public Charter High School, Inc. (the "School") offers the following narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2026. Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide the past and current position of the School's financial condition. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplemental information.

FINANCIAL HIGHLIGHTS

- Marco Island Academy received an "A" school grade in the Florida School Accountability Report as of June 30, 2026.
- The School has a net position of approximately $(1,100,000) as of June 30, 2026.
- For the fiscal year ended June 30, 2026, the School's general fund expenditures exceeded general fund revenues and other financing sources by approximately $25,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to School's basic financial statements. The School's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the understanding of the financial condition of School. 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, *Audits of Charter Schools and Similar Entities.*

Government-wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status as a whole.

The two government-wide statements report the School's net position and the current year changes. Net position is the difference between the School's total assets and total liabilities. Measuring net position is one way to evaluate the School's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include the School's basic services. The business-type activities are those services that the School charges

for that are not directly related to the School's mission. For the year ended June 30, 2025, the School had no business-type activities or component units.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. All of the operations of the School are presented in governmental funds only.

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. The School's basic services are accounted for in governmental funds. These funds focus on how assets that can readily be converted into cash flow in and out, and what monies are left at year-end will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting.* This method also has a current financial resources focus. As a result, the governmental fund financial statements provide a detailed short-term view of the financial resources available to finance the School's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The School adopts an annual budget for the general fund, as required by the Florida Statutes. The budgets are legally adopted by management of the School and its Board. Budgetary comparison schedules have been included as part of the required supplementary information. The budgetary comparison schedules show four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges and ending balances in the general fund, and 4) the variance between the final budget and the actual resources and charges.

Notes to Financial Statements

The notes to financial statements provide additional information essential to the full understanding of the information reported in the government-wide and fund financial statements. The notes to the financial statements start on page 16 of this report.

This report also includes the Independent Auditor's Report on Internal Controls 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, *Audits of Charter Schools and Similar Entities.*

GOVERNMENT-WIDE ANALYSIS OF THE SCHOOL

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

	Governmental Activities		Increase
	2026	2025	(Decrease)
Current and other assets	$ 809,600	$ 840,870	$ (31,270)
Right to use asset, net	883,977	1,104,977	(221,000)
Capital assets, net	98,302	97,134	1,168
Total assets	1,791,879	2,042,981	(251,102)
Deferred outflows of resources	768,648	1,091,187	(322,539)
Current and other liabilities	601,898	352,288	249,610
Long-term liabilities	2,654,790	3,407,243	(752,453)
Total liabilities	3,256,688	3,759,531	(502,843)
Deferred inflows of resources	422,706	244,529	178,177
Net position:			
Invested in capital assets, net of related debt	98,302	97,134	1,168
Restricted	-	-	-
Unrestricted	(1,217,169)	(967,026)	189,009
Total net position	$ (1,118,867)	$ (869,892)	$ (30,823)

Current and other assets remained consistent with prior year. The net change increase in the right to use asset and long term liability is due to the School signing a new lease before year-end. The change in total net position is due to the current year operations.

Change in Net Position

The School's total expenses exceeded revenues by approximately $248,000 in fiscal 2026—see table below.

	Governmental Activities		Increase
	2026	2025	(Decrease)
Revenues:			
Federal sources	$ -	$ -	$ -
State and local sources	4,203,313	3,674,805	528,508
Contributions and other revenue	1,475,680	1,682,866	(207,186)
Total revenues	5,678,993	5,357,671	321,322
Expenses:			
Instruction	2,750,752	2,450,462	300,290
Board	23,407	29,614	(6,207)
General administration	55,855	56,253	(398)
School administration	1,896,744	1,762,460	134,284
Pupil transportation	278,821	277,500	1,321
Operation of plant	893,657	819,387	74,270
Interest	28,732	5,380	23,352
Total expenses	5,927,968	5,401,056	526,912
Special Item – donation of land and building	-	-	-
Change in net position	$ (248,975)	$ (43,385)	$ (205,590)

The increase in state and local revenues is primarily due to local capital outlay funds and an increase in the state grant allocation per FTE unit. The decrease in instructional expenses is due to decreased bonus amounts awarded and benefits in the current year. The increase in school administration expenses are due to increased salaries and corresponding benefits. The School began offering transportation for students in the 2026 fiscal year, resulting in an increase of expenses.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the year, its general fund reported a general fund balance of approximately $454,000.

CAPITAL ASSET

Capital Assets

At the end of fiscal 2026, the School's investment in capital assets was approximately $98,000, net of accumulated depreciation of approximately $487,000.

As of June 30, 2026 and 2025 information regarding the School's capital assets is as follow:

	Governmental Activities		Increase
	2026	2025	(Decrease)
Buildings and improvements	$ 59,958	$ 51,369	$ 8,589
Furniture, fixtures, & equipment	163,320	141,009	22,311
Computer & related equipment	362,434	357,229	5,205
Total capital assets	$ 585,712	$ 549,607	$ 36,105

More detailed information about the School's capital assets is presented in Note 3 to the financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

In the general fund, actual revenues were more than budgeted amounts by approximately $185,000. Actual revenues exceeded budgeted amounts primarily due additional state funding included in the School's final actual amounts. Actual expenditures were approximately $279,000 more than budgeted amounts.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budget Highlights for the Fiscal Year Ending June 30, 2027

Amounts available for appropriation in the general fund are expected to be approximately $5 million, which is a slight increase from the 2026 actual program revenues.

Budgeted expenditures are expected to decrease to approximately $5 million. If these estimates are realized, the School's general fund balance is expected to remain the same at the end of fiscal 2026.

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 Jane Watt, Chairman of the Board, at 2255 San Marco Rd., Marco Island, Florida 34145.

McCRADY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors of Marco Island Academy, a Public Charter High School Inc.
a Charter School and Component Unit of the District
School Board of Collier County, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund information of the Marco Island Academy, a Public Charter High School Inc. (the "School"), a Charter School and Component Unit of the District School Board of Collier County, Florida as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Marco Island Academy Inc., a Charter School and Component Unit of the District School Board of Collier County, Florida as of and for the year ended June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Schools' 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 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, 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, budgetary comparison information and pension liability information 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 August 7, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

McCrady & Associates, PLLC

Altamonte Springs, Florida
August 7, 2026

MARCO ISLAND ACADEMY, A PUBLIC CHARTER HIGH SCHOOL

A Charter School and Component Unit of the
District School Board of Collier County, Florida

Statement of Net Position

June 30, 2026

	Governmental Activities
ASSETS	
Cash and cash equivalents	683,086
Other receivables	17,330
Prepaid expenses	109,184
Right to use asset:	
Property lease, net	1,104,977
Accumulated amortization	(221,000)
Property lease, net	883,977
Capital assets:	
Buildings and improvements	59,958
Furniture, fixtures and equipment	163,320
Computer and related equipment	362,434
Less accumulated depreciation	(487,410)
Total capital assets, net	98,302
Total assets	$ 1,791,879
DEFERRED OUTFLOWS OF RESOURCES	
Amount deferred on pension liability	$ 768,648
LIABILITIES	
Accounts payable and accrued expenses	355,278
Long-term debt:	
Portion due or payable within one year:	
Note payable	246,620
Portion due or payable after one year:	
Note payable	635,085
Pension liability	2,019,705
Total liabilities	3,256,688
DEFERRED INFLOW OF RESOURCES	
Amount deferred on pension liability	422,706
NET POSITION	
Invested in capital assets, net of related debt	98,302
Unrestricted	(1,217,169)
Total net position	$ (1,118,867)

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

MARCO ISLAND ACADEMY, A PUBLIC CHARTER HIGH SCHOOL

A Charter School and Component Unit of the
District School Board of Collier County, Florida

Statement of Activities

For the Year Ended June 30, 2026

	Expenses	Program Specific Revenues: Charges for Services	Program Specific Revenues: Operating Grants and Contributions	Program Specific Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Total
Governmental Activities:						
Instruction	$ 2,750,752	$ -	$ -	$ -	$ (2,750,752)	$ (2,750,752)
Board	23,407	-	-	-	(23,407)	(23,407)
General administration	55,855	-	-	-	(55,855)	(55,855)
School administration	1,896,744	-	-	-	(1,896,744)	(1,896,744)
Pupil transportation services	278,821	-	-	-	(278,821)	(278,821)
Operation of plant	893,657	-	-	192,941	(700,716)	(700,716)
Interest	28,732	-	-	-	(28,732)	(28,732)
Total primary government	$ 5,927,968	$ -	$ -	$ 192,941	$ (5,735,027)	$ (5,735,027)
General revenues:						
State and local sources					$ 4,010,372	$ 4,010,372
Contributions and other revenues					1,475,680	1,475,680
Total general revenues and capital campaign contributions					5,486,052	5,486,052
Changes in net position					(248,975)	(248,975)
Net position at beginning of year					(869,892)	(869,892)
Net position at end of year					$ (1,118,867)	$ (1,118,867)

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

MARCO ISLAND ACADEMY, A PUBLIC CHARTER HIGH SCHOOL

A Charter School and Component Unit of the
District School Board of Collier County, Florida

Balance Sheet - Governmental Funds

June 30, 2026

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 683,086	$ -	$ 683,086
Other receivables	17,330	-	17,330
Prepaid expenses	109,184	-	109,184
Total assets	$ 809,600	$ -	$ 809,600
LIABILITIES			
Accounts payable and accrued expenses	$ 355,278	$ -	$ 355,278
Total liabilities	355,278	-	355,278
FUND BALANCES			
Nonspendable:			
Prepaid expense	109,184	-	109,184
Spendable:			
Unassigned	345,138	-	345,138
Total fund balances	454,322	-	454,322
Total liabilities and fund balances	$ 809,600	$ -	$ 809,600

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

MARCO ISLAND ACADEMY, A PUBLIC CHARTER HIGH SCHOOL

A Charter School and Component Unit of the
District School Board of Collier County, Florida

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2026

Total fund balances - governmental funds	$	454,322
Amounts reported for governmental activities in the statement of net position are different because:		
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 and accumulated depreciation and amortization at year end consist of:		
Capital assets		585,712
Accumulated deprecation		(487,410)
Property lease		1,104,977
Accumulated amortization		(221,000)
Long-term liabilities, including lease obligations, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at the end of the period consist of:		
Lease obligation		(881,705)
Pension liability		(2,019,705)
Deferred amounts are reported in the Statement of Net Position as deferred outflows or deferred inflows of resources but are not reported in the general fund.		345,942
Total net position - governmental activities	$	(1,118,867)

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

MARCO ISLAND ACADEMY, A PUBLIC CHARTER HIGH SCHOOL

A Charter School and Component Unit of the
District School Board of Collier County, Florida

Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds

For the Year Ended June 30, 2026

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
State and local sources	$ 4,010,372	$ 192,941	$ 4,203,313
Contributions and other revenues	1,475,680	-	1,475,680
Total revenues	5,486,052	192,941	5,678,993
EXPENDITURES			
Current:			
Instruction	2,516,780	-	2,516,780
Board	23,407	-	23,407
General administration	55,855	-	55,855
School administration	1,885,371	-	1,885,371
Pupil transportation services	278,821	-	278,821
Operation of plant	664,915	-	664,915
Debt services:			
Principal	-	223,268	223,268
Interest	-	28,732	28,732
Capital outlay	36,104	-	36,104
Total expenditures	5,461,253	252,000	5,713,253
Excess (deficiency) of revenues over expenditures	24,799	(59,059)	(34,260)
OTHER FINANCING SOURCES (USES)			
Operating transfer in	-	59,059	59,059
Operating transfer out	(59,059)	-	(59,059)
Total other financing sources (Uses)	(59,059)	59,059	-
Net changes in fund balances (Deficit)	(34,260)	-	(34,260)
Fund balances at beginning of year	488,582	-	488,582
Fund balances at end of year	$ 454,322	$ -	$ 454,322

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

MARCO ISLAND ACADEMY, A PUBLIC CARTER HIGH SCHOOL

A Charter School and Component Unit of the
District School Board of Collier 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	$	(34,260)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amounts incurred in the current period:		
Capital outlays		36,104
Depreciation expense		(34,936)
Amortization expense		(221,000)
In the Statement of Activities, some revenue and expenses are recognized that do not provide current financial resources and are not recognized in the governmental funds, such as deferred inflow and outlaw of resources.		(218,151)
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.		223,268
Change in net position of governmental activities	$	(248,975)

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

MARCO ISLAND ACADEMY, A PUBLIC CHARTER HIGH SCHOOL, INC.

A Charter School and Component Unit of the
District School Board of Collier County, Florida

Notes to Financial Statements

For the Year Ended June 30, 2025

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Marco Island Academy, A Public Charter High School, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes and the Florida Not-for-Profit Corporation Act, formed in 2010. The governing body of the School is the not-for-profit corporation Board of Directors the ("Board"), which is composed of seven members.

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 Collier County, Florida (the "School Board"). 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").

The School is to provide unique, hands on learning experience in a small school environment that fosters academic excellence and inspires critical thinking for all students in grades ninth through twelfth, to develop the necessary skills and attitudes for post-secondary success.

The School will form the integral partnership between students, parents, teachers and the community to teach students how to think rather than what to think, and to develop a desire for life-long learning. Together, a culture of high expectations, collaboration and service will prepare students in leadership roles in an increasingly complex global society.

Charter Contract

The School operates under a charter granted by the School Board. The current charter expires on June 30, 2031 and may be renewed for a maximum of an additional five years, unless a longer term is required by law, by mutual written agreement between the School and the School Board. Upon the expiration of the charter, the School Board may elect not to renew the charter under grounds specified in the charter. However, the School Board may terminate the current charter at any time 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 revert to the School Board.

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits for States and Local Governments and provisions in the Florida Statutes, the School is considered a governmental organization for financial statement reporting purposes. The School is required by its agreement with the School Board to use the governmental reporting model and follow the fund and accounting structure provided in the "Financial and Program Cost Accounting and Reporting for Florida Schools – The Red Book" issued by the Florida Department of Education ("FDOE")

Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School in a manner similar to a private-sector business. The statement of net position and statement of activities are designed to provide financial information about the School as a whole on an accrual basis of accounting. The statement of net position provides information about the School's financial position, its assets and its liabilities, using an economic resources measurement focus.

The statement of activities presents a comparison between direct expenses and program revenue for each function or program of the School's governmental activities. Direct expenses are those specifically associated with a program or function, therefore, are clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of goods and services offered by the program; and grants and contributions that are restricted for meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

Fund Financial Statements

The governmental fund financial statements report detailed information about the School's most significant funds, not the School as a whole. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance related requirements. Certain funds are established by law while others are created by grant agreements.

The following are major individual governmental funds reported in the fund financial statements:

- General Fund – the School's primary operating fund that accounts for all financial resources of the school, except those that are required to be accounted for in another fund.
- Capital Projects Fund – to account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.

For the purpose of these statements, the general fund and capital projects fund are considered the major funds.

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 reported using the accrual basis of accounting. Revenues are recognized when earned and expenses/expenditures are recognized when a liability is incurred, regardless of the timing the related cash flows take place.

The governmental fund financial statements are reported using the modified accrual basis of accounting. Under this method, revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectable within a current period. The School considers revenues to be available if they are collected within 60 days after the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the acquisition of long-term debt are reported as other financing sources.

Budgetary Basis Accounting

Budgets are prepared using the modified accrual basis of accounting and the governing board must approve all budgets and amendments. During the fiscal year, expenditures were controlled at the object level. Budgets may be amended by resolution of the Board prior to the date of the annual report.

Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

Interfund transfers

For the year ended June 30, 2026, the general fund transferred approximately $59,000 from the general fund to the capital projects fund.

Cash, Cash Equivalents and Restricted Cash

The School's cash and cash equivalents consist primarily of demand deposits with financial institutions.

As Florida Statutes and the School's policy require, all deposits must be made into and held by financial institutions designated by the treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by the institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the ability of the institution to guarantee deposits made by members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2026.

For the year ended June 30, 2026, the School had no restricted cash.

Capital Assets and Depreciation

The School's capital assets with useful lives of more than one year are stated at historical cost and reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value on the date donated. The School capitalizes assets with a cost of $750 or more. Expenditures of normal maintenance and repair that do not add to the asset value or extend the useful life are not capitalized. Depreciation is computed using the straight-line method. Estimated useful lives of the assets are as follows:

	Years
Buildings and improvements	40
Furniture, fixtures, and equipment	5
Computers and related equipment	3-5

Information related to the change in capital assets is described in Note 3.

Pensions

In the government-wide statement of net position, liabilities are recognized for the School's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The School's retirement plans and related amounts are described in a Note 5.

Net Position and Fund Balance Classifications

Government-wide financial statements

Net position are classified and reported in three components:

- Investment in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted – consists of amounts with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- Unrestricted – all other amounts that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Amounts restricted in the statement of net position are for those funds donated for specific school activities and projects that have not yet been spent.

Fund financial statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions,* defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School's Board of Governance.
- Assigned – fund balance that is intended to be used by the School's management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School's general fund and includes all spendable amounts not contained in the other classifications.

This statement also clarifies the definition of the special revenue fund to denote it may be used to account for the proceeds of specific revenue sources (other than trusts for individual, private organizations or other governmental agencies or for major capital projects) legally restricted to expenditures for specified purposes. Amounts restricted in the statement of fund balance are for those funds donated for specific school activities and projects that have not yet been spent.

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for the non-general fund.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The school has one item that qualifies for reporting in this category which is the deferred amount on pension reported in the government-wide statement of net position. The deferred outflows of resources related to pensions are discussed in a subsequent note.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School has one item, which arise only under a modified accrual basis of accounting, that qualify for reporting in this category, which is the deferred amount on pension reported in the government-wide statement of net position. A deferred amount on pension results from the difference in the expected and actual amounts of experience, earnings and contributions. This amount is deferred and amortized over the service life of all employees that are provide with pensions through the pension plan except earnings which are amortized over 5 years.

Revenue Sources

Revenues for operations are received primarily from the School Board pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the School Board. The School Board receives a 2% administrative fee from the School, which is withheld from the respective Florida Education Finance Program ("FEFP") payments. The administrative expense is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds. The administrative fee is calculated on the FEFP revenue up to 250 students.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of students and related data to the Florida Department of Education (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 period. The FDOE may also adjust subsequent fiscal period allocations based on an audit of the School's compliance in determining and reporting FTE and related data. Generally, such adjustments are treated as reductions or additions of revenues in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is calculated based on (1) unweighted FTE, multiplied by (2) the cost factor for each program multiplied by (3) the base student allocation established by the Florida legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the year ended June 30, 2026, the School reported 288.56 unweighted FTE.

The School received additional funding under other federal and state grants as well as private donations. This assistance is generally received based on applications submitted to various granting agencies. For federal and state grants in which funding is awarded based on incurring eligible expenditures, revenue is recognized as the amount of 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.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This pronouncement requires liabilities relates to compensated absences recognized for 1) leave that has not been used and 2) leave that has not been used but not yet paid in cash or settled through non- cash means and includes but is not limited to vacation, sick leave, and paid time off (PTO). This statement establishes standards of accounting and financial reporting for compensated absences and other associated salary-related payments such as certain defined contribution pensions. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies. This statement also provides guidance for measuring this liability. A liability for leave that has been used but not yet paid or settled should be measured at the employee's pay rate as of the date of the financial statements or the amount of the cash or non-cash amount settled. This statement also allows governments to disclose only the net change in the liability and are no longer required to disclose which governmental funds typically have been used to liquidate the liability. This statement applies to all financial statements of all state and local governments. The required effective date for this statement is for fiscal years beginning after December 15, 2024, and all reporting periods thereafter. Early application is encouraged. The School has included a liability for compensated absences in accrued expenses which is consistent with Statement No.101 in previous years as well as in these financial statements. See Note 7 for more information on the school's policies and procedures regarding compensated absences.

2 FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States (GAAP) define fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the

investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of "inputs" an organization may use in determining or estimating fair value. The inputs are categorized into "levels" that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
Level 2: Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable level 1 or 2 inputs are not available.

The estimated fair value of the School's pension liability and related deferred outflows and inflows determined using Level 3 inputs is based on information provided by the Auditor General. The estimated fair value of the School's pensions and related deferred outflows and inflows using Level 3 inputs is determined by calculating the present value of the future distributions expected to be paid, using published life expectancy tables and discount rates ranging from approximately 2% to 7.6%. There were no changes in valuation techniques during the year.

The carrying values of cash and cash equivalents, cash restricted for long-term purposes, and the note payable do not differ materially from reasonable estimates of fair value, as the terms of such instruments do not vary significantly from the assumptions that would be made in estimating fair value. Estimated fair value of certain assets and (liabilities) measured on a recurring basis at June 30, 2026, are as follows:

	Level 1	Level 2	Level 3	Total
Deferred outflows related to pension liability	$ -	$ -	$ 1,241,926	1,241,926
Pension liability	-	-	(2,453,008)	(2,453,008)
Deferred inflows related to pension liability	-	-	(244,529)	(244,529)
Total	$ -	$ -	$ (1,455,611)	$ (1,455,611)

3 CAPITAL ASSETS

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

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Capital assets:					
Building & improvements	$ 51,369	$ 8,589	$ -	$ -	$ 59,958
Furniture, fixtures & equipment	141,009	22,311	-	-	163,320
Computers & related equipment	357,229	5,205	-	-	362,434
Total capital assets	$ 549,607	$ 36,105	$ -	$ -	585,712
Accumulated Depreciation					
Building & improvements	(24,287)	(2,157)	-	-	(26,444)
Furniture, fixtures & equipment	(89,875)	(16,391)	-	-	(106,266)
Computers & related equipment	(338,318)	(16,383)	-	-	(354,701)
Total accumulated depreciation	(452,480)	(34,931)	-	-	(487,411)
Capital assets, net	$ 97,127	$ (1,174)	$ -	$ -	$ 98,301

Depreciation expense:

Instruction	$ 15,821
School administration	11,368
Plant	7,742
Total governmental activities depreciation expense	$ 34,931

4 RIGHT TO USE ASSET & LEASE LIABILITY

Interest paid during the year relating to this year total approximately $28,000.

In July 2025, the School entered into a new lease agreement for its education facilities. The lease has an effective borrowing rate of 4.77% and matures June 30, 2030. By entering the lease, the School disposed of the prior lease commitment. The lease requires that the School pays and maintains fire, extended risk, and liability insurance coverage for all building, structures and their contents. The School is also responsible for paying for their own maintenance and improvements to the building.

Balance outstanding at the beginning of year	$	1,104,977
Additions		-
Disposals		-
Principal Deductions		223,272
Balance outstanding at the end of year	$	881,705

Future minimum lease note payments are as follows:

Year Ended June 30:	Principal	Interest	Total
2027	$ 222,185	$ 29,816	$ 252,000
2028	221,049	30,951	252,000
2029	219,859	32,141	252,000
2030	218,612	33,387	252,000
Total:	$ 881,705	$ 126,295	$ 1,008,000

5 RETIREMENT PLANS

Reporting Entity

The Florida Department of Management Services, Division of Retirement (division), is part of the primary government of the state of Florida and is responsible for administering the Florida Retirement System Pension Plan and Other State-Administered Systems (system). For the fiscal year ended June 30, 2025, the division administered two cost-sharing, multiple employer defined benefit plans, one single employer defined benefit plan, two defined contribution plans, a supplemental funding of defined benefit plans for municipal police officers and firefighters, and various general revenue funded pension programs. The division issued a publicly available, audited annual comprehensive financial report (ACFR) on behalf of the system that includes financial statements, notes and required supplementary information for each of the pension plans. Detailed information about the plans is provided in the ACFR, which is available online, or by contacting the division.

Cost-Sharing Defined Benefit Plans

As required by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), this report includes the allocation of the collective net pension liability and associated pension expense, deferred outflows of resources and deferred inflows of resources for each of the participating employers in the system's cost-sharing, multiple employer defined benefit plans:

- The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for

employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

- The Retiree Health Insurance Subsidy (HIS) Program is a non-qualified, cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist eligible retirees and surviving beneficiaries of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2025, retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by $7.50. The payments are at least $45 but not more than $225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Approximately 1,000 participating employers are served by the two defined benefit plans. Of these, more than 900 employers, referred to as reporting employers, report payroll and remit contributions to the division for their covered employees and, in some cases, for the covered employees of associated participating employers.

Basis of Accounting

Employers participating in the FRS Pension Plan and HIS Program are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with GASB 68. The Schedules of Employer Allocations and Schedules of Pension Amounts by Employer (pension allocation schedules) and notes to the schedules, along with the system's ACFR, provide employers with the required information for reporting.

The underlying financial information used to prepare the pension allocation schedules is based on the system's records. The financial statements for the cost-sharing defined benefit plans are prepared using the flow of economic resources measurement focus and the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United States. The system's financial statements are available online or by contacting the Division. There have been no significant changes since the publication of the financial statements.

Employer Contributions

Contributions are recognized as revenue in the period for which the contributions are due pursuant to statutory and contractual requirements. Employee contributions required pursuant to section 121.71(3), Florida Statutes, are accounted for by the FRS as employer-paid employee contributions and are treated as employer contributions under 26 U.S.C. s. 414(h)(2) allowing

these contributions to be deducted on a pre-tax basis. Pension expense reported in the pension allocation schedules is reduced by these amounts.

Total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes. Employer contributions reflected in the financial statements and in the pension allocation schedules for the cost-sharing defined benefit plans represent contributions specific to each defined benefit plan and do not equal total blended contributions remitted by the employer.

Use of Estimates

The preparation of these schedules, and the associated financial statements, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and changes therein, including appropriate disclosures at the date of the financial statements. Actual results could differ from those estimates.

Net Pension Plan's Fiduciary Net Position

The components of the collective fiduciary's net position liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2025 are shown below (*in thousands*):

	FRS	HIS
Total pension liability	**$ 243,620,457,000**	**$ 13,687,702,516**
Plan fiduciary net position	**(212,585,325,722)**	**(870,258,386)**
Net pension liability	**$ 38,684,702,966**	**$ 12,817,444,130**
Plan fiduciary net position as a percentage of the total pension liability	**87.26%**	**6.36%**

The total pension liability for the FRS and HIS was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2025. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

Basis of Allocation

The School's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the system's current and several prior measurement dates. Prior measurement dates shown in exhibits align with the oldest deferred (inflow)/outflow base through June 30, 2025, for employers that were members of the FRS and HIS during those fiscal years. For fiscal years ended June 30, 2018,

through June 30, 2025, in addition to contributions from employers, the required accrued contributions for the division (paid on behalf of the division's employees who administer the plans) were allocated to each employer on a proportional basis. The division administers the plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the School's projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's ACFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense.

For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

Actuarial Methods and Assumptions

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan's GASB 67 valuation is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2024 for the period July 1, 2018, through June 30, 2023. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 5.20% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table.

The following changes in actuarial assumptions occurred in 2025 for the HIS Program:

- All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meetings in October 2024.
- The coverage election assumptions were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2025 FRS Actuarial Assumption Conference during its October 2025 meeting.
- The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2025.

School's Proportionate Share of FRS Net Pension Liability

1% Decrease	Current Discount Rate	1% Increase
5.70%	6.70%	7.70%
$2,008,749	$1,023,574	$197,618

School's Proportionate Share of HIS Net Pension Liability

1% Decrease	Current Discount Rate	1% Increase
4.20%	5.20%	6.20%
$853,968	$757,292	$676,211

The School's proportions are as follows:

	FRS	HIS
June 30, 2025	.00329%	.00590%
June 30, 2024	.00340%	.00597%
Change	-.00011%	-.00006%

Pension Expense and Deferred Outflow / Inflow of Resources

In accordance with GASB 68, paragraphs 54 and 71, changes in the School's proportionate share of the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes of assumptions or other inputs are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes in proportion and differences between contributions and proportionate share of contributions amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Differences between expected and actual earnings on pension plan investments – amortized over five years.

The School's contributions to the pension plans from the School are not included in collective pension expense; however, employee contributions are used to reduce pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2025, was 4.7 years for FRS and 5.8 years for HIS.

At June 30, 2025, the School reported deferred outflows of resources and deferred inflow of resources related to the pensions from the following sources:

	FRS	
Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$109,329	$-
Changes of assumptions	118,864	-
Net difference between projected and actual investment earnings	-	-170,896
Employer-specific amounts due to changes in employer proportion	117,569	58,377
School FRS contributions subsequent to the measurement date	40,178	-
Total	$385,940	$229,273

	HIS	
Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$4,521	$1,201
Changes of assumptions	6,703	183,169
Net difference between projected and actual investment earnings	-	630
Employer-specific amounts due to changes in employer proportion	122,674	8,403
School FRS contributions subsequent to the measurement date	9,970	-
Total	$143,868	$193,403

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

Measurement period ending June 30,	FRS Expense	HIS Expense
2026	$ 40,771	$ (9,654)
2027	34,947	(11,911)
2028	23,298	(17,352)
2029	11,649	(12,132)
2030	5,824	(6,610)
Thereafter	-	(1,846)
Total	$ 116,489	$ (59,505)

Additional Financial and Actuarial Information

Additional audited financial information supporting the Schedules of Employer Allocations and the Schedules of Pension Amounts by Employer is located in the Florida Retirement System Pension Plan and Other State-Administered Systems ACFR for the fiscal year ended June 30, 2025. The system's ACFR and the actuarial valuation reports referenced herein are available online at: http://www.dms.myflorida.com/workforce_operations/retirement/publications.

6 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

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

Florida Education Finance Program	$ 2,038,259
Discretionary local effort	678,583
Referendum - Capital .35 Mills	345,462
Class size reduction	276,483
Capital outlay	192,941
Local capital outlay	501,572
Educational enrichment	65,098
ESE guaranteed allocation	47,882
School recognition	23,701
Mental health assistance	18,727
Safe schools	14,605
Total	$ 4,203,313

The administrative fee paid to the School Board during the year ended June 30, 2026 totaled approximately $56,000, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

7 COMPENSATED ABSENCES

Employees are entitled to ten days of paid time off (PTO) a year. If any PTO remains at the end of the contract year, the employee shall receive additional compensation for each unused day at one-half individually pro-rated daily rate. In the event the employee and School enter into additional, consecutive contracts, employee's PTO shall accrue up to thirty days total, payable to the employee only if the employee is retiring from the teaching profession in good standing and/or not in lieu of disciplinary action. Otherwise, such accrued PTO in excess of four days will be forfeited with no additional compensation due to the employee. As of June 30, 2026, the School has accrued approximately $46,000 related to compensated absence balances at the end of the year and is included in accrued expenses on the Statement of Financial Position.

8 RISK MANAGEMENT PROGRAM

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverage 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.

9 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 the collectability of any related receivable at year end may be impaired.

In the opinion of the School, there are no significant contingent liabilities related 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. In the past four years, settled claims have not exceeded insurance coverages.

10 INCOME TAXES

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

11 SUBSEQUENT EVENTS

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through August 7, 2026, which is the date the financial statements were available to be issued.

MARCO ISLAND ACADEMY, A PUBLIC CHARTER HIGH SCHOOL

A Charter School and Component Unit of the
District School Board of Collier County, Florida

Required Supplementary Information

Budget Comparison Schedule - General Fund

For the Year Ended June 30, 2026

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
State and local sources	$ 3,825,702	$ 3,825,702	$ 4,010,372	$ 184,670
Contributions and other revenue	1,611,415	1,611,415	1,475,680	(135,735)
Total revenues	5,437,117	5,437,117	5,486,052	48,935
EXPENDITURES				
Current:				
Instruction	2,546,669	2,546,669	2,516,780	(29,889)
Board	44,325	44,325	23,407	(20,918)
General administration	66,551	66,551	55,855	(10,696)
School administration	1,663,372	1,663,372	1,885,371	221,999
Pupil transportation services	252,000	252,000	278,821	26,821
Operation of plant	591,200	591,200	664,915	73,715
Capital outlay	-	-	36,104	36,104
Debt services:				
Principal	246,620	246,620	223,268	(23,352)
Interest	23,352	23,352	28,732	5,380
Total expenditures	5,434,089	5,434,089	5,713,253	279,164
Excess of expenditures over revenues	3,028	3,028	(227,201)	(230,229)
OTHER FINANCING SOURCES (USES)				
Operating transfer in	-	-	59,059	59,059
Operating transfer out	-	-	(59,059)	(59,059)
Total other financing sources	-	-	-	-
Net changes in fund balances	3,028	3,028	(227,201)	(230,229)
Fund balances, beginning of year	488,582	488,582	488,582	-
Fund balances, end of year	$ 491,610	$ 491,610	$ 261,381	$ (230,229)

See report of independent auditor's.

Schedule of the School's Proportionate Share of the Net Pension Liability-
Florida Retirement System Pension Plan

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
School's proportion of the FRS net pension liability (asset)	0.3290%	0.0034%	0.0031%	0.0034%	0.0028%	0.0024%	0.0025%	0.0025%	0.0025%	0.0022%
School's proportionate share of the FRS net pension liability (asset)	$ 1,023,574	$ 1,318,674	$ 1,239,055	$ 1,248,957	$ 210,985	$ 1,029,274	$ 852,124	$ 762,467	$ 730,131	$ 566,799
School's covered-employee payroll	2,750,009	2,588,806	2,485,680	2,074,529	1,875,168	1,509,650	1,428,305	1,373,635	1,338,383	1,248,356
School's proportionate share if the FRS net pension liability (asset) as a percentage of its covered-employee payroll	37%	51%	50%	60%	11%	68%	60%	56%	55%	45%
FRS Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

Schedule of School Contributions
Florida Retirement System Pension Plan

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required FRS contribution	$ 238,839	$ 225,191	$ 200,760	$ 178,980	$ 135,230	$ 102,174	$ 77,198	$ 72,143	$ 75,340	$ 75,430
FRS contribution in relation to the contractually required FRS contribution	(238,839)	(225,191)	(200,760)	(178,980)	(135,230)	(102,174)	(77,198)	(72,143)	(75,340)	(75,430)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's covered employee payroll	$ 2,750,009	$ 2,588,806	$ 2,485,680	$ 2,074,529	$ 1,875,168	$ 1,509,650	$ 1,428,305	$ 1,373,635	$ 1,338,383	$ 1,248,356
FRS contribution as a percentage of covered employee payroll	8.7%	8.7%	8.1%	8.6%	8.4%	7.1%	5.3%	5.5%	5.8%	5.8%

See report of independent auditor's.

Schedule of the School's Proportionate Share of the Net Pension Liability-
Health Insurance Subsidy Pension Plan

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
School's proportion of the HIS net pension liability (asset)	0.0059%	0.0060%	0.0053%	0.0052%	0.0043%	0.0042%	0.0041%	0.0041%	0.0039%	0.0036%
School's proportionate share of the HIS net pension liability (asset)	$ 757,292	$ 895,495	$ 846,455	$ 549,920	$ 530,776	$ 516,198	$ 457,360	$ 435,720	$ 415,228	$ 413,780
School's covered-employee payroll	$ 2,750,009	$ 2,588,806	$ 2,485,680	$ 2,074,529	$ 1,875,168	$ 1,509,650	$ 1,428,305	$ 1,373,635	$ 1,338,383	$ 1,248,356
School's proportionate share if the HIS net pension liability (asset) as a percentage of its covered-employee payroll	28%	35%	34%	27%	28%	34%	32%	32%	31%	33%
HIS Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.10%

Schedule of School Contributions
Health Insurance Subsidy Pension Plan

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required HIS contribution	$ 99,936	$ 90,936	$ 70,926	$ 55,319	$ 41,744	$ 31,500	$ 23,770	$ 22,325	$ 20,722	$ 20,722
HIS contribution in relation to the contractually required HIS contribution	(99,936)	(90,936)	(70,926)	(55,319)	(41,744)	(31,500)	(23,770)	(22,325)	(20,722)	(20,722)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's covered-employee payroll	$ 2,750,009	$ 2,588,806	$ 2,485,680	$ 2,074,529	$ 1,875,168	$ 1,509,650	$ 1,428,305	$ 1,373,635	$ 1,338,383	$ 1,248,356
HIS contribution as a percentage of covered employee payroll	3.63%	3.51%	2.85%	2.67%	2.23%	2.09%	1.66%	1.63%	1.55%	1.66%

See report independent auditor's.

McCRADY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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 Marco Island Academy, A Public Charter High School, Inc.
A Charter School and Component Unit of the District
School Board of Collier 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 of each major fund for Marco Island Academy, A Public Charter High School (the "School"), a charter school and component unit of the District School Board of Collier County, Florida, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 7, 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 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 may exist that have not been 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 determination of financial statement amounts. 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.

McCrady & Associates, PLLC

Altamonte Springs, Florida
August 7, 2026

Additional Information Required by
Rules of the Auditor General,
Chapter 10.850, *Audits of Charter Schools*
and Similar Entities

McCRADY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Management Letter as Required by Rules of the Florida Auditor General,
Chapter 10.850, Florida Statutes, *Charter School Audits*

To the Board of Directors of Marco Island Academy, A Public High School, Inc.
a Charter School and Component Unit of the District
School Board of Collier County, Florida

Report on the Financial Statements

We have audited the financial statements of Marco Island Academy, A Public High School, Inc. (the "School") as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated August 7, 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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards.

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 prior audit report.

Official Title

Section 10.854(1)(e)5. Rules of the Auditor General, requires the name or official title of the entity be disclosed in this management letter. The School code is 9032. The official title of the entity is Marco Island Academy, A Public High School, Inc.

Financial Condition and Management

Sections 10.854(1)(e)2, and 10.855(11) Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the 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.

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 Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which 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, the School Board of Collier County and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

McCrady & Associates, PLLC

Altamonte Springs, Florida
August 7, 2026