PHOENIX EDUCATION NETWORK, INC.
d/b/a
NAPLES CLASSICAL ACADEMY

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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PHOENIX EDUCATION NETWORK, INC.
d/b/a
NAPLES CLASSICAL ACADEMY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of Phoenix Education Network, Inc. d/b/a Naples Classical Academy (the "School"), offers the following narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2026. Readers are encouraged to use this information in conjunction with information furnished in the School's financial statements. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and required supplemental information.

FINANCIAL HIGHLIGHTS

- This is the School's fifth year of operations.
- For the fiscal year ended June 30, 2026, the School's total revenues exceeded expenses by approximately 2,480,000 in the Statement of Activities.
- For the fiscal year ended June 30, 2026, the School ended with a total combined fund balance of approximately $9,235,000.

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 required supplemental information to enhance the reader's 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. The net position is the difference between the School's total assets and total liabilities. Measuring the 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 that the School charges for certain

services. For the year ended June 30, 2026, 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 group 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

Governmental funds are used to account for those functions reported as governmental activities. The School's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what money left at year-end is 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 its general fund and special revenue fund, as required by the Florida Statutes. The budget is legally adopted by management of the School and its Board. The budgetary comparison schedule has been included as part of the required supplementary information. The budgetary comparison schedule shows 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 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 ANALYSIS OF THE SCHOOL

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

	Governmental Activities		Increase
	2026	2025	(Decrease)
Assets:			
Current and other assets	$ 9,627,614	$ 7,762,123	$ 1,865,491
Capital assets, net	18,552,340	18,193,926	358,414
Total assets	28,179,954	25,956,049	2,223,905
Liabilities:			
Current liabilities	520,409	353,565	166,844
Long-term liabilities	25,795,093	25,839,847	(44,754)
Total liabilities	26,315,502	26,193,412	122,090
Net position:			
Invested in capital assets, net of related debt	$ (7,242,753)	$ (8,001,167)	$ 758,414
Restricted for:			
Debt service	4,219	56,808	(52,589)
Capital projects	6,450,135	5,164,992	1,285,143
Unrestricted	2,652,851	2,186,756	466,095
Total net position	$ 1,864,452	$ (592,611)	$ 2,457,063

The increase of current and other assets is mainly due to the increase in cash accounts. The net change in capital assets is a result of the massive increase of the construction in progress account this year. The current liabilities had a slight increase due to the increase in accounts payable account. The net change in net position is due to current year operations.

Change in Net Position

The School's total revenues exceeded expenses by approximately 2.46 million in fiscal year 2026—see table below.

	Governmental Activities		Increase
	2026	2025	(Decrease)
Revenues:			
Federal sources passed through Local school district	$ 130,555	$ 747,197	$ (616,642)
State and local sources	10,770,953	9,978,287	792,666
Contributions and other revenue	806,617	872,432	(65,815)
Sale on land	-	877,507	(877,507)
Total revenues	11,708,125	12,475,423	(767,298)
Expenses:			
Instruction	4,875,411	4,989,628	(114,217)
Pupil personnel services	206,728	126,868	79,860
Instructional staff training	18,830	11,153	7,677
Instructional-related technology	-	44,909	(44,909)
Board	12,681	64,591	(51,910)
General administration	156,049	937,586	(781,537)
School administration	1,698,091	1,180,244	517,847
Fiscal services	148,933	0	148,933
Food services	230,731	220,279	10,452
Operation of plant	1,185,730	1,246,176	(60,446)
Maintenance of plant	29,127	762	28,365
Community services	326,350	255,192	71,158
Bond issuance costs	-	468,713	(468,713)
Interest	362,401	1,896,638	(1,534,237)
Total expenses	9,251,062	11,442,739	(2,191,677)
Change in net position	$ 2,457,063	$ 1,032,684	$ 1,424,379

During the current year, the School experienced a decrease in its student population, ending the school year with 758 students. The decrease in instructional, general administration and operation of plant expenses are a direct result of the decrease in student population. General administration expenses decreased in connection with reducing management fee services. There was an increase in school administration and pupil personnel services.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

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

As the School completed the year, its governmental funds reported a combined fund balance of approximately $9,235,000.

General & Special Revenue Fund Budgetary Highlights

During the fiscal year, the School made one amendment to its budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize changes in funding amounts; and 3) changes in appropriations that become necessary to maintain services.

In the general fund, actual revenues exceeded budgeted amounts by approximately $338,000. Expenditures were approximately $281,000 greater than budgeted amounts. Special revenues were $5,000 less than budgeted revenues and expenditures were $24,000 less than budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal 2026, the School had invested approximately $18,552,000 in capital assets, net of accumulated depreciation of approximately $2,506,000.

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

	Governmental Activities		Increase
	2026	2025	(Decrease)
Land,	$ 4,627,507	$ 4,627,507	$ -
Land improvement	46,000	12,000	34,000
Building	14,518,161	14,518,161	-
Construction in Progress	841,679	250,961	590,718
Furniture, fixtures, & equipment	1,025,341	911,339	114,002
Less – accumulated depreciation	(2,506,348)	(2,126,042)	(380,306)
Total capital assets	$ 18,552,340	$ 18,193,926	$ 358,414

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

Long-term Liabilities

The school has outstanding bonds, net of amortized discount, in the amount of approximately $26 million. The school paid interest of approximately $1.9 million during fiscal year June 30, 2026. More detailed information about the School's long-term liabilities is presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budget Highlights for the Fiscal Year Ended June 30, 2027

Amounts available for appropriation in the general fund are expected to be approximately $11.5 million for 2027, an decrease of approximately $200,000 less than the actual 2026 amount,. The change is due to a budgeted decrease in contributions as compared to fiscal 2026.

Budgeted expenditures in the general fund are budgeted to be $10.3 million for 2026. The increase is primarily due to increased instructional expenses.

If these estimates are realized, the School's general fund balance is expected to increase in fiscal year ending June 30, 2027.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 10270 Immokalee Rd, Naples, FL 34120.

McCRADY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors of Phoenix Education Network Inc., d/b/a Naples Classical Academy,
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 of the Phoenix Education Network, Inc. dba Naples Classical Academy (the 'School'), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements 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 School, as of June 30, 2026, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1-6 and 30-31 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 31, 2026, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School's internal control over financial reporting and compliance.

McCrady & Associates, PLLC

Altamonte Springs, Florida
August 31, 2026

PHOENIX EDUCATION NETWORK, INC.
d/b/a NAPLES CLASSICAL ACADEMY

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	$ 3,169,041
Restricted cash	6,458,573
Capital assets:	
Land	4,627,507
Land improvements	46,000
Buildings	14,518,161
Furniture, fixtures and equipment	1,025,341
Construction in progress	841,679
Less accumulated depreciation	(2,506,348)
Total capital assets, net	18,552,340
Total assets	$ 28,179,954
Liabilities	
Accounts payable	$ 187,313
Accrued expenses	228,772
Accrued interest	104,324
Long-term liabilities:	
Portion due or payable after one year:	
Bond payable	27,243,378
Discount on bond payable	(1,448,285)
Total liabilities	26,315,502
Net Position	
Invested in capital assets, net of related debt	(7,242,753)
Restricted for:	
Debt service	4,219
Capital projects	6,450,135
Unrestricted	2,652,851
Total net position	1,864,452
Total liabilities and net position	$ 28,179,954

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

PHOENIX EDUCATION NETWORK, INC.
d/b/a NAPLES CLASSICAL ACADEMY

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

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
Instruction	$ 4,875,411	$ -	$ -	$ -	$ (4,875,411)	$ (4,875,411)
Pupil personnel services	206,728	-	-	-	(206,728)	(206,728)
Instructional staff training	18,830	-	-	-	(18,830)	(18,830)
Board	12,681	-	-	-	(12,681)	(12,681)
General administration	156,049	-	-	-	(156,049)	(156,049)
School administration	1,698,091	-	-	-	(1,698,091)	(1,698,091)
Fiscal services	148,933		-		(148,933)	(148,933)
Food services	230,731	124,942	130,555	-	24,766	24,766
Operation of plant	1,185,730	-	-	-	(1,185,730)	(1,185,730)
Maintenance of plant	29,127	-	-	-	(29,127)	(29,127)
Community services	326,350	-	-	-	(326,350)	(326,350)
Interest	362,401	-	-	-	(362,401)	(362,401)
Total primary government	$ 9,251,062	$ 124,942	$ 130,555	$ -	(8,995,565)	(8,995,565)
General revenues:						
Federal sources					$ -	$ -
State and local sources					10,770,953	10,770,953
Contributions and other revenues					681,675	681,675
Total general revenues					11,452,628	11,452,628
Changes in net position					2,457,063	2,457,063
Net position at beginning of year					(592,611)	(592,611)
Net position at end of year					$ 1,864,452	$ 1,864,452

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

PHOENIX EDUCATION NETWORK, INC.
d/b/a NAPLES CLASSICAL ACADEMY

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

Balance Sheet - General Fund

June 30, 2026

	General Fund
Assets	
Cash and cash equivalents	$ 3,169,041
Restricted cash	6,458,573
Total assets	$ 9,627,614
Liabilities	
Accounts payable	$ 187,313
Accrued expenses	228,772
Total liabilities	416,085
Fund Balance	
Restricted:	
Debt service	4,219
Capital projects	6,450,135
Spendable:	
Unassigned	2,757,175
Total fund balance	9,211,529
Total liabilities and fund balance	$ 9,627,614

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

PHOENIX EDUCATION NETWORK, INC.
d/b/a NAPLES CLASSICAL ACADEMY

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 Position

June 30, 2026

Total fund balance - general fund	$	9,211,529
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets at year end consisted of:		
Capital assets		21,058,688
Accumulated depreciation		(2,506,348)
Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Bonds payable		(27,243,378)
Discount on bonds payable		1,448,285
Interest on long-term debt is accrued as a liability in the government-wide statements, but is not recognized in the governmental fund until due		(104,324)
Total net position - governmental activities	$	1,864,452

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

PHOENIX EDUCATION NETWORK, INC.
d/b/a NAPLES CLASSICAL ACADEMY

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	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Federal sources passed through local school district	$ -	$ -	$ 130,555	$ -	$ 130,555
State and local sources	10,248,715	522,238	-	-	10,770,953
Contributions and other revenues	681,675	-	124,942	-	806,617
Total revenues	10,930,390	522,238	255,497	-	11,708,125
Expenditures					
Current:					
Instruction	4,875,411	-	-	-	4,875,411
Pupil personnel services	206,728	-	-	-	206,728
Instructional staff training	18,830	-	-	-	18,830
Board	12,681	-	-	-	12,681
General administration	156,049	-	-	-	156,049
School administration	1,680,995	-	-	-	1,680,995
Fiscal services	148,933	-	-	-	148,933
Food services	-	-	230,474	-	230,474
Operation of plant	822,777	-	-	-	822,777
Maintenance of plant	29,127	-	-	-	29,127
Community services	326,350	-	-	-	326,350
Debt service:					
Principal - notes payable	-	-	-	400,000	400,000
Interest	-	-	-	361,354	361,354
Capital outlay	216,482	522,238	-	-	738,720
Total expenditures	8,494,363	522,238	230,474	761,354	10,008,429
Excess (deficiencies) of revenue over expenditures	2,436,027	-	25,023	(761,354)	1,699,696
Other Financing Sources (Uses)					
Operating transfer in	25,023	-	-	761,354	786,377
Operating transfer out	(761,354)	-	(25,023)	-	(786,377)
Total other financing sources	(736,331)	-	(25,023)	761,354	-
Net changes in fund balance	1,699,696	-	-	-	1,699,696
Fund balance at beginning of year	7,511,833	-			7,511,833
Fund balance at end of year	$ 9,211,529	$ -	$ -	$ -	$ 9,211,529

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

PHOENIX EDUCATION NETWORK, INC.
d/b/a NAPLES CLASSICAL ACADEMY

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 balance - governmental funds	$	1,699,696
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount incurred in the current period:		
Capital outlay		738,720
Depreciation expense		(380,306)
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.		
Principal payment - note payable		400,000
Change in accruediInterest in the statement of activity that do not require the use of current financial resources are not reported in the governmental fund		(1,047)
Change in net position of governmental activities	$	2,457,063

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

PHOENIX EDUCATION NETWORK, INC.
d/b/a
NAPLES CLASSICAL ACADEMY

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, 2026

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Phoenix Education Network Inc., d/b/a Naples Classical Academy (the "School"), is a not-for-profit corporation that operates under a charter approved by the sponsoring district, the District School Board of Collier County Florida (the "School Board"). The governing body of the School is the Board of Directors of School, which is composed of at least five members.

Charter Contract

The School operates under a charter effective February 4, 2020 which has an expiration date of June 30, 2026 and the school, has chosen to extend contract. Upon the expiration of the charter, the School Board may elect not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. 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 as 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 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 those of a private-sector business. The statement of net position and statement of activities are designed to provide financial information as a whole about the School on an accrual basis of accounting. The statement of net position provides information about the School's financial position, its assets and 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 that are specifically associated with a program or function, therefore, are clearly identifiable to a particular function.

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

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 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 – is the School's primary operating fund that accounts for all financial resources of the school, except those 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.
- Debt Service Fund – to account for the accumulation of resources for, and payment of general long-term debt principal, interest, and related costs.
- Special Revenue Fund – to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for a specific purpose.

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

Basis of Accounting

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reports 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.

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 of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenues are recognized at the time the expenditure is made. 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 of general long-term debt and acquisition of capital leases 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.

Cash and Cash Equivalents

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

For the year ended June 30, 2026, the School had restricted cash of approximately $6.4 million, which includes approximately $4,200 that is restricted for the payment of bond principal & interest and approximately $4,870,000 restricted for capital projects.

The School maintains its cash with primarily two financial institutions. Cash held at these institutions totals approximately $3.16 million of which approximately $2,6 million of these deposits are in excess of the FDIC insurance limits of $250,000. The School has not experienced any losses associated with these accounts.

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 of donation. The School capitalizes assets with a cost of $750 or more. Expenditures of normal maintenance and repair that do not add to the assets value or extend the useful lives are not capitalized. Depreciation is computed using the straight-line method. Estimated useful lives of the assets are as follows:

	Years
Building	40
Leasehold improvements	10
Furniture, fixtures and equipment	3-7

Interfund Transfers

The School reports its general fund, capital projects fund, special revenue fund and debt service fund as major funds. For the year ended June 30, 2026, the special revenue fund transferred

$25,000 to the general fund and the general fund transferred approximately $761,000 to the debt service fund for debt service payments.

Net Position and Fund Balance Classifications

Government-Wide financial statements

Net Position is 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."

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 not spendable form.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Governance.
- Assigned – fund balance classification includes amounts that are intended to be used by the School's management for specific purposes but do 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 that the special revenue may be used to account for the proceeds of specific revenue sources (other than trust for individual, private organizations or other governmental or for major capital projects) legally restricted to expenditures for specified purposes.

Order of Fund Balance Spending Policy

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

Revenue Sources

Revenues for operations are provided primarily from the District School Board of Collier County, Florida pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.22, Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the School District. The School Board receives a 5% 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 Florida Education Finance Program (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 769 unweighted FTE.

The School received additional funding under other federal and state grants. 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 or are measurable and available. During fiscal year 2026, the School was awarded several federal grants.

Restricted Investments

In this fiscal year, certain amounts contributed were restricted for debt reduction of the series of bonds associated with the front outparcel at Naples Classical Academy or future capital projects. At year-end, $56 restricted for debt service and capital projects is included in restricted investments and restricted net assets.

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. Significant estimates include depreciation.

Recently Issued Accounting Pronouncements

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 not included a liability for compensated absences in accrued expenses as the School's current policy does not allow for rollover of compensated absences. However, the School is aware of this pronouncement should the school's policies regarding compensated absences change.

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.

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

3 CAPITAL ASSETS

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

	Beginning Balance	Additions/ Transfers	Disposals /Transfers	Ending Balance
Capital assets:				
Land	$ 4,627,507	$ -	$ -	$ 4,627,507
Land improvements	12,000	34,000	-	46,000
Buildings	14,518,161	-	-	14,518,161
Construction in progress	250,961	590,718	-	841,679
Furniture, fixtures and equipment	911,339	69,181	-	980,520
Motor Vehicles	-	44,821	-	44,821
Total capital assets	20,319,968	738,720	-	21,058,688
Accumulated depreciation:				
Buildings	(1,270,297)	(362,954)	-	(1,633,251)
Furniture, fixtures and equipment	(855,745)	(16,605)	-	(872,350)
Motor Vehicles	-	(747)		(747)
Total accumulated depreciation	(2,126,042)	(380,306)	-	(2,506,348)
Capital assets, net	$ 18,193,926	$ 358,414	$ -	$ 18,552,340

Depreciation expense:	
Administration	$ 17,095
Food service	257
Operation of plant	362,954
Total governmental activities depreciation expense	$ 380,306

4 LONG-TERM LIABILITIES

Note payable

The following is a summary of changes in the notes payable for the year ended June 30, 2026:

Balance outstanding at the beginning of the year	$	400,000
Reductions – payoff of notes payable		(400,000)
Balance outstanding at the end of the year	$	-

Bond payable

In January 2021, the School entered into a loan agreement with Florida Development Finance Corporation, ("Agency"). The Agency has agreed to issue bonds, ("Series 2021A, Series 2021B and Series 2021C") in the aggregate amount of $24,680,000 for the Phoenix Education Network Inc., d/b/a Naples Classical Academy, Inc. Project, ("The Project"). The bonds were issued with a $$1,727,600 discount, which is amortized over the straight line method over the bond term. The Series 2021 project consist of the construction of an educational facility to be used by the School. The loan agreement was funded by the issuance of:

- Series 2021A Bond - principal balance of $17,550,000, accrues interest at 6.5% and matures June 2055. Annual principal redemption payments commence June 2031 at $275,000 with principal escalation every year through maturity.
- Series 2021B Bond - principal balance of $5,600,000, accrues interest at 7.5% and matures June 2055. Annual principal redemption payments commence June 2031 at $80,000 with principal escalation every year through maturity.

In May 2025, the School entered into a loan agreement with Florida Development Finance Corporation to issue Series 2025 bonds. The $4,360,000 of bonds were issued with a $305,200 discount which is being amortized using the straight line method over the bond term. The Series 2025 Project consists of (i) the acquisition, construction, expansion and equipping of the Series 2025 Facilities, including, but not limited to, an approximately 15,500 square foot gymnasium, including a stage, art classroom and weight room; and (ii) the payment of certain costs of issuing the Series 2025 Bonds.

- Series 2025 Revenue Bonds - principal balance of $4,360,000, yield 7.579%, accrues interest at 7% and matures June 2055. Interest payments are paid biannually on June 15 and December 15 of each year commencing December 2025. Annual principal redemption payments commence June 2056 at $1,355,000 with principal escalation through 2058.

At June 30, 2026, the School is in compliance with the debt service coverage ratios and cash on hand.

As of June 30, 2026, future debt service related to all long-term liabilities is as follows:

	Principal	Interest	Total
Year ended June 30,			
2027	$ -	$ 1,865,950	$ 1,865,950
2028	-	1,865,950	1,865,950
2029	-	1,865,950	1,865,950
2030	-	1,865,950	1,865,950
2031-35	2,155,000	9,062,850	11,217,850
2036-40	3,015,000	8,226,400	11,241,400
2041-45	4,180,000	7,065,250	11,245,250
2046-50	5,785,000	5,454,600	11,239,600
2051-55	8,015,000	3,221,225	11,236,225
2056-58	4,360,000	624,400	4,984,400
Total	$ 27,510,000	$ 41,118,525	$ 68,628,525

Interest expense for the year ended June 30, 2026 on all notes and bonds payable totaled approximately $1.7 million. Amortization of the discount increases interest expense and reduces bond discount on the statement of net position. Amortization of the bond discount in the current year is approximately $193,000 and included in interest expense on the financial statements.

5 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

District School Board of Collier County, Florida:	
Florida Education Finance Program	$ 4,868,952
Discretionary local effort	1,890,643
Referendum – capital	920,147
Class size reduction	785,650
Capital outlay	522,238
Local capital outlay	1,357,616
Educational enrichment share	173,404
Other state and local revenue	69,881
ESE guaranteed allocation	93,638
Mental health assistance	49,884
Safe schools	38,900
Total	$ 10,770,953

The administrative fee paid to the School Board during the year ended June 30, 2026 totaled approximately $125,000, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund – governmental funds.

6 CONTRACTED SERVICE FEES PAYABLE

The School entered into a contractual agreement on January 1, 2024 with Optima Management Services, LLC. (“Service Provider”), a Florida Limited Liability Company, to provide consulting and administrative services to the School. The term of the agreement shall continue for a term that is concurrent with the term of the Charter contract. Under the terms of the agreement, the School shall pay a monthly service fee to the Service provider of twelve percent (12%) of the School’s qualified gross revenues as defined by the agreement. Qualified gross revenues include various state, federal and local source revenues with certain exceptions. In the current year, this agreement was amended as the School transitions to self-management. The new agreement provides for a 7% management fee for the 2024-2025 School year, a 2% management fee from July 2025-October 2025, and a 1% management fee thereafter until the commencement of the contract at June 30, 2026.

In return for the fees, Optima Management Services shall be responsible for personnel oversight, facility operation and maintenance, finance and marketing functions of the School.

For the year ended June 30, 2026, the Service Provider provided to the School its resources and management services as outlined in the amended contract. The School incurred service fees of $800,000 that are reflected as a school administration expense/expenditure in the accompanying statements of activities and statement of revenues, expenditures and changes in fund balances-governmental funds

7 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.

8 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.

Management believes there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Legal matters

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. If necessary, the School retains legal representation to address any such legal matters or proceedings. In the opinion of management and the School, if there are ongoing legal actions or proceedings, the ultimate resolution of such legal matters should not have a significant adverse effect on the accompanying financial statements.

9 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.

10 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 31, 2026 which is the date the financial statements were available be issued.

PHOENIX EDUCATION NETWORK, INC.
d/b/a NAPLES CLASSICAL ACADEMY

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

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2026

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
State and local sources	$ 10,912,504	$ 10,912,504	$ 10,248,715	$ (663,789)
Contributions and other revenue	160,000	160,000	681,675	521,675
Total revenues	11,072,504	11,072,504	10,930,390	(142,114)
EXPENDITURES				
Current:				
Instruction	5,232,549	5,232,549	4,875,411	(357,138)
Pupil personnel services	292,442	292,442	206,728	(85,714)
Instructional staff training	23,000	23,000	18,830	(4,170)
Board	43,000	43,000	12,681	(30,319)
General administration	268,075	268,075	156,049	(112,026)
School administration	1,173,822	1,173,822	1,680,995	507,173
Fiscal services	265,244	265,244	148,933	(116,311)
Operation of plant	604,707	604,707	822,777	218,070
Maintenance of plant	63,893	63,893	29,127	(34,766)
Community services	73,144	73,144	326,350	253,206
Capital outlay	-	-	216,482	216,482
Total expenditures	8,039,876	8,039,876	8,494,363	454,487
Excess (deficiency) of revenue over expenditures	3,032,628	3,032,628	2,436,027	(596,601)
Other Financing Sources (Uses)				
Operating transfer in	-	-	25,023	25,023
Operating transfer out	(2,302,265)	(2,355,366)	(761,354)	1,594,012
Total other financing sources	(2,302,265)	(2,355,366)	(736,331)	1,619,035
Net change in fund balance	730,363	677,262	1,699,696	1,022,434
Fund balance at beginning of year	7,511,833	7,511,833	7,511,833	-
Fund balance at end of year	$ 8,242,196	$ 8,189,095	$ 9,211,529	$ 1,022,434

See report of independent auditors.

PHOENIX EDUCATION NETWORK, INC.
d/b/a NAPLES CLASSICAL ACADEMY

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

Required Supplementary Information

Budgetary Comparison Schedule - Special Revenue Fund

For the Year Ended June 30, 2026

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Federal sources passed through local school district	40,000	260,463	130,555	(129,908)
Contributions and other revenues	-	-	124,942	124,942
Total revenues	40,000	260,463	255,497	(4,966)
EXPENDITURES				
Current:				
Instruction	40,000	30,000	-	(30,000)
Food services		224,939	230,474	5,535
Total expenditures	40,000	254,939	230,474	(24,465)
Excess (deficiency) of revenue over expenditures	-	5,524	25,023	19,499
Other Financing Sources (Uses)				
Operating transfer out	-	(5,524)	(25,023)	(19,499)
Total other financing sources	-	(5,524)	(25,023)	(19,499)
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	$ -	$ -	$ -	$ -

See report of independent auditors.

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 Phoenix Education Network Inc.,
d/b/a Naples Classical Academy
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 and each major fund of Phoenix Education Network, Inc. d/b/a Naples Classical Academy (the "School), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 31, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 31, 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 Phoenix Education Network Inc.,
d/b/a Naples Classical Academy, 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 Phoenix Education Network, Inc., d/b/a Naples Classical Academy (the "School") as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated August 31, 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. Disclosures in that report, if applicable, which is dated, August 31, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the prior year 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 official title of the entity is Phoenix Education Network Inc., d/b/a Naples Classical Academy. The School code is 9039.

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 such findings nor did the school or management represent such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and the District School Board of Collier County 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 31, 2026