NORTH COUNTY CHARTER SCHOOL, INC.

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

Financial Statements
with Independent Auditor's Reports Thereon

June 30, 2026

M&A McCrady & Associates
CERTIFIED PUBLIC ACCOUNTANTS

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NORTH COUNTY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of North County Charter 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. 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 other supplemental information.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2026, the School's expenditures exceed revenue by approximately $490,000.

- The School's unrestricted fund balance at June 30, 2026 was approximately $1,700,000.

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 Report of Independent Auditor 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 services that the School charges for that are not directly related to the School's mission. 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 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 its general fund, as required by the Florida Statutes. The budget is 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 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.

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		
	2026	2025	Variance
Current and other assets	$ 2,024,394	$ 2,206,907	$ (182,513)
Right to use asset, net	-	1,228	(1,228)
Capital assets, net	6,332,187	6,369,940	(37,753)
Total assets	8,356,581	8,578,075	(221,494)
Current and other liabilities	327,093	478,231	(151,138)
Long-term liabilities	813,073	660,329	152,744
Total liabilities	1,140,166	1,138,560	1,606
Net position:			
Net investment in capital assets	5,684,029	5,431,744	252,285
Unrestricted	1,524,949	2,007,771	(482,822)
Total Net Position	$ 7,208,978	$ 7,439,515	$ (230,537)

Current and other assets decreased due to due to an operating deficit. Capital assets decreased due to current year depreciation exceeding current year capital asset purchases. Long-term liabilities decreased due to principal payments applied against notes payable. The decrease in net position is a result of the current year operating deficit.

CHANGES IN NET POSITIONS

The School's total expenses exceeded total revenues by approximately $231,000 in fiscal 2026 and $314,000 in fiscal 2025—see table below.

Revenues:	2026	2025	Variance
Federal sources passed through local school district	$ 123,383	$ 139,318	$ (15,935)
State and local sources	3,662,611	3,439,123	223,488
Contributions and other revenues	379,231	316,845	62,386
Total revenues	4,165,225	3,895,286	269,939
Expenses:			
Instruction	2,412,320	2,213,517	198,803
Pupil personnel services	171,839	168,721	3,118
Board	8,981	8,658	323
General administration	97,581	94,907	2,674
School administration	736,061	714,567	21,494
Facilities acquisition and construction	23,303	16,756	6,547
Fiscal services	20,503	22,313	(1,810)
Food services	264,858	254,031	10,827
Pupil transportation	21,295	40,505	(19,210)
Operation of plant	479,965	478,953	1,012
Maintenance of plant	23,185	37,734	(14,549)
Community services	82,182	85,735	(3,553)
Interest	53,689	73,319	(19,630)
Total expenses	4,359,762	4,209,716	186,046
Change in net positions	$ (230,537)	$ (314,430)	$ 83,893

The decrease in federal sources passed through local school district is a result of a decrease in Title I and Cares Act funding. The change in state and local revenue is due to an increase in Florida Education Finance Program base funding which is based on increased student enrollment. The increase in school administration is due to an increase in administrative and administrative support personnel.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The focus of 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 can be 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 $1,700,301 which was a decrease from the prior year as a result of current year operations.

General Fund Budgetary Highlights

Generally, budget amendments fall into one of the three categories: 1) amendments made to adjust the estimates 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.

For the year ended June 30, 2026 actual revenues were less than budgeted amounts by approximately $350,000. Actual expenditures were approximately $37,000 greater than budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of end of fiscal 2026, the School invested approximately $6,332,000 million in capital assets, net of accumulated depreciation of approximately $2,600,000 million.

	Governmental Activities		
	2026	2025	Variance
Land	$ 749,238	$ 749,238	$ -
Building	7,413,317	7,315,778	97,539
Furniture, fixtures, and equipment	780,674	694,108	86,566
Computer software	6,254	5,186	1,068
Accumulated depreciation	(2,617,296)	(2,394,370)	(222,926)
Total capital assets	$ 6,332,187	$ 6,369,940	$ (37,753)

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

Long-Term Liabilities

Long-term liabilities decreased by approximately $260,000 due to current year principal payments applied against notes payable offset by line of credit borrowings. 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 for fiscal 2027 are approximately $4.1 million, which is an increase from the actual 2026 amount. The School anticipates an increase in student enrollment.

Budgeted expenditures are expected to be approximately $3.8 million, an increase from the fiscal 2026 actual amount by approximately $352,000 exclusive of the capital outlay expenditure. If these estimates are realized, the School's general fund balance is expected decrease slightly in fiscal year 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 6640 Old Dixie Hwy, Vero Beach, FL 32967.

Independent Auditor's Report

To the Board of Directors of North County Charter School, Inc.,
a Charter School and Component Unit of the District
School Board of Indian River County, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North County Charter School, Inc., (the "School"), a Charter School and Component Unit of the District School Board of Indian River 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, each major fund, and the aggregate remaining fund information of the North County Charter School, Inc., a Charter School and Component Unit of the District School Board of Indian River 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, and budgetary comparison 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 September 17, 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
September 17, 2026

NORTH COUNTY CHARTER SCHOOL INC

A Charter School and Component Unit of the District School Board of Indian River, Florida

Statement of Net Position

June 30, 2026

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 1,721,397
Due from other agencies	135,308
Prepaid expenses and other assets	167,689
Right to use asset:	
Operating Lease Asset	36,829
Less accumuluated amortization	(36,829)
Total right to use asset, net	-
Capital assets:	
Land	749,238
Building and improvements	7,413,317
Furniture, fixtures, and equipment	780,674
Computer software	6,254
Less accumulated depreciation	(2,617,296)
Total capital assets, net	6,332,187
Total assets	$ 8,356,581
LIABILITIES	
Accounts payable and accrued expenses	$ 324,093
Long term liabilities:	
Portion due or payable within one year:	
Note payable	308,386
Portion due or payable after one year:	
Note payable	339,772
Line of credit	164,915
Lease payable	10,437
Total liabilities	1,147,603
NET POSITION	
Invested in capital assets, net of related debt	5,684,029
Unrestricted	1,524,949
Total net position	$ 7,208,978

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

NORTH COUNTY CHARTER SCHOOL, INC.

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

Statement of Activities

For the Year Ended June 30, 2026

Governmental Activities:	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
Instruction	$ 2,412,320		$ 15,595	$ -	$ (2,396,725)	$ (2,396,725)
Pupil personnel services	171,839	-	-	-	(171,839)	(171,839)
Board	8,981	-	-	-	(8,981)	(8,981)
General administration	97,581	-	-	-	(97,581)	(97,581)
School administration	736,061	-	-	-	(736,061)	(736,061)
Facilities acquisition and construction	23,303	-	-	-	(23,303)	(23,303)
Fiscal services	20,503	-	-	-	(20,503)	(20,503)
Food services	264,858	54,773	107,788	-	(102,297)	(102,297)
Pupil transportation	21,295	-	-	-	(21,295)	(21,295)
Operation of plant	479,965	-	-	-	(479,965)	(479,965)
Maintenance of plant	23,185	-	-	-	(23,185)	(23,185)
Community services	82,182	98,794	-	-	16,612	16,612
Interest	53,689	-	-	-	(53,689)	(53,689)
Total primary government	$ 4,395,762	$ 153,567	$ 123,383	$ -	(4,118,812)	(4,118,812)
General revenues:						
State and local sources					3,662,611	3,662,611
Contributions and other revenues					225,664	225,664
Total general revenues					3,888,275	3,888,275
Change in net position					(230,537)	(230,537)
Net position at beginning of year					7,439,515	7,439,515
Net position at end of year					$ 7,208,978	$ 7,208,978

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

NORTH COUNTY CHARTER SCHOOL, INC.

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

Balance Sheet - Governmental Funds

June 30, 2026

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 1,721,397	$ -	$ 1,721,397
Due from other agencies	2,119	133,189	135,308
Prepaid expenses and other assets	167,689	-	167,689
Due from other fund	133,189	-	133,189
Total assets	$ 2,024,394	$ 133,189	$ 2,157,583
LIABILITIES			
Accounts payable and accrued expenses	$ 324,093	$ -	$ 324,093
Due to general fund	-	133,189	133,189
Total liabilities	324,093	133,189	457,282
FUND BALANCES			
Nonspendable:			
Prepaid expenses and other assets	167,689	-	167,689
Spendable:			
Unassigned	1,532,612	-	1,532,612
Total fund balances	1,700,301	-	1,700,301
Total liabilities and fund balances	$ 2,024,394	$ 133,189	$ 2,157,583

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

NORTH COUNTY CHARTER SCHOOL, INC.

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

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

June 30, 2026

Total fund balances - general fund	$	1,700,301
Amounts reported for governmental activities in the statement of net position are different because:		
Capital and right to use 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		8,949,483
Accumulated depreciation		(2,617,296)
Right to use asset		36,829
Accumulated amortization		(36,829)
Long-term liabilities, including note payable, are not due and payable in current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Note payable		(648,158)
Line of credit		(164,915)
Lease payable		(10,437)
Total net position - governmental activities	$	7,208,978

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

NORTH COUNTY CHARTER SCHOOL, INC.

A Charter School and Component Unit of the
District School Board of Indian River 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	Other Governmental Funds	Total Governmental Funds
REVENUES				
Federal sources passed through local school district	$ -	$ -	$ 123,383	$ 123,383
State and local sources	3,114,586	548,025	-	3,662,611
Contributions and other revenues	379,231	-	-	379,231
Total revenues	3,493,817	548,025	123,383	4,165,225
EXPENDITURES				
Current:				
Instruction	2,340,239	-	15,595	2,355,834
Pupil personnel services	171,839	-	-	171,839
Board	8,981	-	-	8,981
General administration	97,581	-	-	97,581
School administration	734,833	-	-	734,833
Facilities acquisition and construction	2,000	-	-	2,000
Fiscal services	20,503	-	-	20,503
Food services	157,070	-	107,788	264,858
Pupil transportation	21,295	-	-	21,295
Operation of plant	324,133	10,695	-	334,828
Maintenance of plant	23,185	-	-	23,185
Community services	82,182	-	-	82,182
Capital outlay	-	185,173	-	185,173
Debt services:				-
Principal	-	298,468	-	298,468
Interest	-	53,689	-	53,689
Total expenditures	3,983,841	548,025	123,383	4,655,249
Excess of revenues over expenditures	(490,024)	-	-	(490,024)
Other Financing Sources (Uses)				
Proceeds from issuance of debt	164,915	-	-	164,915
Total other financing sources	164,915	-	-	164,915
Net changes in fund balances	(325,109)	-	-	(325,109)
Fund balances at beginning of year	2,025,410	-	-	2,025,410
Fund balances at end of year	$ 1,700,301	$ -	$ -	$ 1,700,301

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

NORTH COUNTY CHARTER SCHOOL, INC.

A Charter School and Component Unit of the
District School Board of Indian River 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	$ (325,109)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the current year there were no capital expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount incurred in the current period:	
Capital outlays	185,173
Depreciation expense	(222,926)
Amortization expense	(1,228)
Proceeds from issuance of long-term debt are reported as an other financial source in the governmental funds. However, in the statement of net position, the amount of funds borrowed is reported as an increase in long-term debt liabilities.	
Note payable	(164,915)
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.	298,468
Change in net position of governmental activities	$ (230,537)

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

NORTH COUNTY CHARTER SCHOOL, INC.

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

Notes to Financial Statements

For the Year Ended June 30, 2026

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

North County Charter School, Inc. (the "School") is a not-for-profit corporation organized in 1998 pursuant to Chapter 617, Florida Statutes and the Florida Not-for-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors (the "Board"), which is composed of five 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 Indian River 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").

Charter Contract

The current charter expires on June 30, 2028. Upon the expiration of the new 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 back 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 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 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.
- Special Revenue Fund – to account the proceeds of specific revenue sources that restricted or committed to expenditures for a specific purpose including all federal grant revenues passed through the School District.
- Debt Service Fund – to account for the accumulation of resources for, and payment of general long-term debt principal, interest, and related costs.

For the purpose of these statements, the general and capital projects are considered major funds. The special revenue and the debt service funds are non-major funds and are reported as other governmental 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.

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.

Under current regulations, deposit accounts at any FDIC-insured institution are insured up to $250,000 per depositor. The School participates in a bank sweep program designed to mitigate risk by distributing deposits across multiple FDIC-insured banks. As of June 30, 2026, no single institution held account balances for the School exceeding the $250,000 insurance threshold.

Interfund Receivables and Payables

Activities between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. At June 30, 2026, the general fund had interfund receivable of $133,189 from the other governmental fund.

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 $1,000 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
Furniture, fixtures, and equipment	3-7
Buildings and related assets	15-30

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

Net Position and Fund Balance Classifications

Government-wide financial statements

The 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 not liquid.
- 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.

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.

Revenue Sources

Revenues for operations are received primarily from the District School Board of Indian River County, Florida pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, 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 5% administrative fee from the School, which is withheld from the respective 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 School Board 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 308.61 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.

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.

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. The School utilizes estimates which include, but are not limited to, depreciation, amortization, incremental borrowing rates and evaluation of receivables from governmental agencies. Actual results could differ significantly from those estimates.

Recently Issued Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, Compensated Absences. This statement establishes accounting and financial reporting requirements for compensated absences, including vacation, sick leave, and paid time off, and associated salary-related payments. A liability is generally recognized for leave attributable to services already rendered that accumulates and is more likely than not to be used, paid, or otherwise settled. A liability is also recognized for leave that has been used but not yet paid or settled. The statement is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Because School has a policy that unused days do not roll over from year to year, the School has not included a liability for compensated absences in accrued expenses.

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures. This statement requires governments to disclose concentrations or constraints that make them vulnerable to a substantial impact when an associated event has occurred or is more likely than not to occur within 12 months after the financial statement date. The statement is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The School evaluated the requirements of this statement and determined that it did not have a material effect on its financial statements.

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements. This statement improves key components of the financial reporting model, including management's discussion and analysis, unusual or infrequent items, proprietary fund statements, major component units, and budgetary comparison information. The statement is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

In September 2024, the GASB issued Statement No. 104, Disclosure of Certain Capital Assets. This statement requires certain capital assets, including right-to-use lease assets, subscription assets, and other intangible right-to-use assets, to be disclosed separately by major class of underlying asset. It also establishes disclosure requirements for capital assets held for sale. The statement is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets:				
Land	$ 749,238	$ -	$ -	$ 749,238
Building & improvements	7,315,778	97,539	-	7,413,317
Furniture, fixtures, and equipment	694,108	86,566	-	780,674
Computer software	5,186	1,068	-	6,254
Total capital assets	8,764,310	185,173	-	8,949,483
Accumulated depreciation:				
Building & Improvements	(1,820,439)	(166,440)	-	(1,986,879)
Furniture, fixtures and equipment	(567,739)	(56,424)	-	(624,163)
Computer software	(6,192)	(62)	-	(6,254)
Total accumulated depreciation	(2,394,370)	(222,926)	-	(2,617,296)
Capital assets, net	$ 6,369,940	$ (37,753)	$ -	$ 6,332,187

Depreciation expense:	
Instruction	$ 56,486
Facilities	21,303
Operation of plant	145,137
Total governmental activities and depreciation expense	$ 222,926

4 LONG-TERM LIABILITIES

NOTE PAYABLE

During November 2012, the School entered into a promissory loan agreement to refinance their $2.45 million mortgage with a financial institution. The term loan requires monthly principal and interest payments of $19,148 until the maturity date of November 1, 2027. The loan bears interest at a five-year adjustable rate of 6.81%, which was reset on November 1, 2022.

In September 2013, the School obtained a second mortgage loan of $1,179,571. The term loan requires monthly principal and interest payments of $9,497 until the maturity date of November 1, 2029. The loan bears interest at a five-year adjustable rate of 6.99%, which was reset on October 1, 2023.

In June 2026, the School obtained line of credit in the amount of $350,000. The loan requires monthly interest payments on the balance outstanding until the maturity date of June 4, 2031. The loan bears interest at a 5.75%. As of June 30, 2026, the balance outstanding on the line of credit is $164,915, resulting in monthly interest only payments of approximately $785.

Balance outstanding at the beginning of year	$ 938,196
Additions	164,915
Reductions	(290,038)
Balance outstanding at the end of year	$ 813,073

Future debt service requirements related to the long-term liabilities are as follows:

Year ended June 30:	Principal	Interest	Total
2027	$ 308,386	$ 44,820	$ 353,206
2028	193,778	25,398	219,176
2029	107,142	16,300	123,442
2030	38,852	12,443	51,295
2031	164,915	9,483	174,398
Total	$ 813,073	$ 116,358	$ 921,517

Interest expense for fiscal year ending June 30, 2026 totaled approximately $54,000.

LEASE PAYABLE

Adhering to the requirements of GASB 87, the School recorded a liability related to the facility lease. In 2025 as the lease was extended an additional year. The balance at June 30, 2026 is $10,527 due in fiscal 2027.

5 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

District School Board of Indian River County, Florida:		
Florida Education Finance Program	$	1,871,394
Discretionary local effort		420,824
Capital outlay		548,025
Class size reduction		314,169
Discretionary millage		304,598
ESE guaranteed allocation		81,552
Educational enrichment share		66,882
Safe schools		33,867
Mental health assistance allocation		21,300
Total	$	3,662,611

The administrative fee paid to the School Board during the year ended June 30, 2026 totaled approximately $98,000, 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 of governmental funds.

6 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.

7 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.

8 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 years are subject to examination by tax authorities, and may change upon examination.

9 SUBSEQUENT EVENTS

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 17, 2026, which is the date the financial statements were available to be issued.

NORTH COUNTY CHARTER SCHOOL, INC.

A Charter School and Component Unit of the
District School Board of Indian River 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	$ 3,318,398	$ 3,318,398	$ 3,114,586	$ (203,812)
Contributions and other revenues	524,510	524,510	379,231	(145,279)
Total revenues	3,842,908	3,842,908	3,493,817	(349,091)
EXPENDITURES				
Current:				
Instruction	2,346,730	2,346,730	2,340,239	(6,491)
Pupil personnel services	183,362	183,362	171,839	(11,523)
Instructional staff training	7,500	7,500	-	(7,500)
Board	12,077	12,077	8,981	(3,096)
General administration	97,017	97,017	97,581	564
School administration	709,267	709,267	734,833	25,566
Facilities acquisition and construction	-	-	2,000	2,000
Fiscal services	22,230	22,230	20,503	(1,727)
Food services	92,046	92,046	157,070	65,024
Pupil transportation	27,000	27,000	21,295	(5,705)
Operation of plant	348,895	348,895	324,133	(24,762)
Maintenance of plant	15,900	15,900	23,185	7,285
Community services	85,290	85,290	82,182	(3,108)
Total expenditures	3,947,314	3,947,314	3,983,841	36,527
Net changes in fund balances	(104,406)	(104,406)	(490,024)	(385,618)
Fund balances at beginning of year	2,025,410	2,025,410	2,025,410	-
Fund balances at end of year	$ 1,921,004	$ 1,921,004	$ 1,535,386	$ (385,618)

See report of independent auditor.

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 North County Charter School, Inc.,
a Charter School and Component Unit of the District
School Board of Indian River County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the remaining aggregate information of North County Charter School, Inc., (the "School"), a charter school and component unit of the District School Board of Indian River 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 there on dated September 17, 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, they may exist but have not been identified.

McCrady & Associates
CERTIFIED PUBLIC ACCOUNTANTS

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 statement. 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
September 17, 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 North County Charter School, Inc.,
a Charter School and Component Unit of the District
School Board of Indian River County, Florida

Report on the Financial Statements

We have audited the financial statements of North County Charter School, Inc. (the "School") as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated September 17, 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, September 17, 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 in the prior year.

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 North County Charter School, Inc. The School code is 0177.

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, applicable management, and Indian River County School Board and is not intended to be and should not be used by anyone other than these specified parties.

McCrady & Associates, PLLC

Altamonte Springs, Florida
September 17, 2026