CITY OF PALMS CHARTER HIGH SCHOOL, INC.
dba
NORTHERN PALMS CHARTER HIGH SCHOOL

A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA

FINANCIAL STATEMENTS WITH INDEPENDENT
AUDITORS' REPORTS THEREON

AS OF AND FOR THE YEAR ENDED
JUNE 30, 2026

M&A McCrady & Associates
Certified Public Accountants

Table of Contents

Managements Discussion and Analysis 2

Independent Auditor's Report 7

Basic Financial Statements

Statement of Net Position 9

Statement of Activities 10

Balance Sheet – Governmental Funds 11

Reconciliation of Governmental Funds Balance Sheet
To the Statement of Net Position 12

Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds 13

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities 14

Notes to the Basic Financial Statements 15

Required Supplementary Information:
Budgetary Comparison Schedule – General Fund 26

Report of Independent Auditor on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of the Financial Statements
Performed in Accordance with *Government Auditing Standards* 27

Additional Information Required by Rules of the Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities:*
Management Letter 30

The discussion and analysis of City of Palms Charter High School, Inc. *dba* Northern Palms Charter High School's (the "School") financial performance provides an overall review of the School's financial activities for the year ended June 30, 2026. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

The year ended June 30, 2026 represents the eleventh year of operations for the School. In June 2020, the School District of Lee County approved renewal of the School's contract for 15 years - through June 30, 2035. Operations of the School are under direct control of the governing board. The governing board has hired a Principal to oversee educational aspects of the School and contracted a local educational service provider, Consulting + Professional Assistance, Inc. (CPA's) to manage all business operations related to the School. The School is related to City of Palms Charter High School and to Palm Acres Charter High School through the common governing board. (See Note 1).

Financial Highlights

At the close of the fiscal year, assets of the School exceeded liabilities by $124,859 (net position) – a decrease of $256,744 from the prior year when assets exceeded liabilities by $381,603. Current assets equal $943,970. Ninety-nine percent (99%) of current assets are represented by cash and one percent (1%) is represented primarily by prepaid rent expense. Average enrollment decreased by 5% (5 students) to 89 students in FY26 from 94 students in FY25.

Using this Financial Report

This report consists of six parts:

1) Management's discussion and analysis
2) Independent auditor's report
3) The basic financial statements
4) Notes to the financial statements
5) Required supplementary information and
6) Management letter

Basic financial statements include two kinds of statements presenting different views of the School:

1) The "Statement of Net Position" and the "Statement of Activities" are government-wide financial statements that provide information about the School's overall financial status.
2) The "Balance Sheet" and the "Statement of Revenues, Expenditures and Changes in Fund Balance", are fund financial statements that focus on individual parts of the School. These statements are more detailed than the government-wide statements.

Government-Wide Financial Statements

These statements report information about the School as a whole using accounting methods similar to those used by the private sector. The "Statement of Net Position" presented on the following page includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid. Changes in net position can indicate improving or deteriorating financial position.

Government-Wide Financial Statements *(continued)*

Net Position

The table below provides a comparative summary of net position for FY26 and FY25.

	2026	2025	Increase (Decrease)
Assets			
Current assets	$ 943,970	$ 729,648	$ 214,322
Capital assets, net	95,401	122,362	(26,961)
Right-of-use assets, net	5,643,274	143,179	5,500,095
Total assets	$ 6,682,645	$ 995,189	$ 5,687,456
Liabilities			
Current liabilities	$ 819,111	$ 348,045	$ 471,066
Right-of-use lease note payable	5,629,839	124,646	5,505,193
Right-of-use SBITA payable	20,509	30,886	(10,377)
Total liabilities	$ 6,469,459	$ 503,577	$ 5,965,882
Net assets			
Invested in capital assets, net of related debt	$ 95,401	$ 122,362	$ (26,961)
Invested in right-of-use assets, net of related debt	(7,074)	(12,353)	5,279
Unrestricted	124,859	381,603	(256,744)
Total net position	$ 213,186	$ 491,612	$ (278,426)

The School's net right-of-use assets are represented nearly 100% by the amortized property lease asset and less than 1% by the SBITA asset with the corresponding long-term liabilities represented as in approximately the same proportion at year-end. (See Note 9) During FY26, the School entered into a ten-year lease with two seven-year options. Occupancy and the payment of base rent will not occur until November 1, 2026.

Net capital assets of $95,401 are represented primarily by partially depreciated net furniture, fixtures and equipment 31% ($29,256), net computer hardware 53% ($50,918), net instructional technology equipment 10% ($9,616); net computer software 2% ($1,870) and security hardware 4% ($3,741). Fully amortized leasehold improvements (<1%) comprise the balance (See Note 8).

Current liabilities are comprised of accrued payroll of $54,300 (7%); intercompany accounts payable of $738,222 (90%) and other accounts payable of $26,859 (3%) (See Note 8).

Change in Net Position – Statement of Activities

The table on the following page shows the comparative summary of changes in net position, revenues and expenses for FY26 and FY25.

Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). During the year, funding is adjusted to reflect the revised calculations by FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods in October and February. Average enrollment decreased by 5 students to 89 in FY26 when compared to 94 students enrolled in FY25. The resultant small drop in enrollment revenues from the Florida Education Finance Program (FEFP) combined with the loss of School Improvement and significantly lower contributions was offset somewhat by new Sales Tax Referendum funding.

Government-Wide Analysis of the School - Change in Net Position – Statement of Activities *(continued)*

FEFP revenues were specifically impacted by school closures in October 2024 due to Hurricane Milton. Actual enrollment figures achieved during the actual count days were replaced with attendance during September. This resulted in lower enrollment figures being used for the annual average enrollment for FY25. Expenses increased by net amount of $109,773 (9.6%) from the prior year primarily as a result of expenditures related to impacts of Hurricane Milton in the fall of 2024.

For FY25 and FY24, the Board of Directors authorized contributions of $275,000 and $211,000, respectively, from Palm Acres Charter High School to Northern Palms Charter High School. The increase reflects the additional costs incurred due to the impact of Hurricane Milton above.

	2026	2025	Increase (Decrease)
Revenues			
Federal sources	$ -	$ 177,329	$ (177,329)
State and local sources	703,739	740,358	(36,619)
Capital outlay	59,138	52,477	6,661
Sales Tax Referendum	57,278	-	57,278
Local capital improvement	71,220	51,399	19,821
School improvement grant	-	30,226	(30,226)
School recognition grant	7,716	14,171	(6,455)
Contributions and other revenues	103,297	282,964	(179,667)
Total revenues	1,002,388	1,348,924	(346,536)
Expenses			
Instruction	346,070	339,169	6,901
Instructional support services	117,921	75,793	42,128
Board	19,985	15,875	4,110
School administration	509,704	504,615	5,089
Central services	33,855	37,050	(3,195)
Pupil transportation services	2,925	4,700	(1,775)
Operation of plant	225,521	216,741	8,780
Maintenance of plant	9,950	9,325	625
Total expenses	1,265,931	1,203,268	62,663
Change in net position from operations	(263,543)	42,658	(409,199)
Other financing activities			
Right-of-use interest expense	(14,883)	(27,231)	12,348
Total change in net position	$ (278,426)	$ 118,425	$ (396,851)

Financial Analysis of the School's Funds

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of sources of funding and spending.

The School's basic services are included in governmental funds which focus 1) on how financial assets can be converted to cash flows and 2) on the year-end balances available for spending.

In particular, unassigned fund balance is a useful measure of the School's net resources available for spending at the end of the fiscal year. The School's governmental fund reported an ending unassigned fund balance $46,052 and $349,189 as of June 30, 2026 and 2025, respectively.

Government-Wide Analysis of the School *(continued)*

General Fund Budgetary Highlights

The School prepared an annual budget based on the expected funded enrollment figure 130 students for the school year. This budget was amended to project a net loss from operations of $371,000 subsequent to the February count. Actual enrollment was 89 in FY26. Actual net loss from operations was $315,964. Current year general fund expenditures exceeded budget by $51,284 (4.3%) of the amended budget and general fund revenues were higher than budgeted by $3,752 (0.5%). Capital asset purchases below exceeded $109,000 for FY25. Intercompany contributions were decreased by $175,000 in FY26 versus FY25.

Capital Assets

The table below shows comparative balances of net capital assets for FY26 and FY25. The capitalization threshold for classification of long-term assets is $1,000.

Capital Assets
(Net of Depreciation)

	2026	2025	Increase (Decrease)
Furniture, fixtures and equipment	$ 29,256	$ 48,760	$ (19,504)
Security hardware	3,741	6,636	(2,895)
Computer hardware	50,918	45,316	5,602
Instructional technology	9,616	16,027	(6,411)
Computer software	1,870	5,583	(3,713)
Leasehold improvements	-	40	(40)
Total	$ 95,401	$ 122,362	$ (26,961)

For more information on capital assets, see Note 8 in the Notes to the Basic Financial Statements.

Lease Asset and Liability

The School implemented GASB Statement No. 87 - Leases, which requires the recognition of certain long term lease contracts in which the School has control of a non-financial asset. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments and reasonably certain guarantees. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

The non-financial asset is recorded as an intangible right-of-use asset. The right-of-use asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. The right-of-use asset is amortized over the shorter of the useful life of the asset or lease term. In the current fiscal year, in addition to the current lease for 13251 N Cleveland Avenue in North Fort Myers, the School signed a lease for a new building located at 1750 N Tamiami Trail in North Fort Myers. The new lease is for a ten-year period with two seven-year options for a total of twenty-four years. As of June 30, 2026, the landlord is still building out the space. Base rent will not begin until November 2026 at the earliest. The School recognized an increase to the right-of-use asset and an increase to the related lease liability of $5,564,266. Information related to the change in the right-of-use asset and lease liability is presented in Note 9.

SBITA Asset and Liability

The School implemented GASB Statement No. 96 – "Subscription-Based Information Technology Arrangements", which requires the recognition of certain long term lease contracts in which the School has control of a non-financial asset. The SBITA liability is recorded at the present value of future contractual payments, including fixed payments, variable payments and reasonably certain guarantees. The SBITA liability is reduced by the payments made, less the interest portion of the payment.

Government-Wide Analysis of the School – General Fund Budgetary Highlights – SBITA Asset and Liability *(continued)*

The non-financial asset is recorded as an intangible right-to-use asset. The right-to-use asset is recorded for the same amount as the related liability plus any prepayments and initial direct costs to place the asset in service. The right-to-use asset is amortized over the shorter of the useful life of the asset or contract term. In the current fiscal year, the School recognized a net right-of-use asset of $20,704 and a related liability of $20,509. Information related to the change in the right-of-use SBITA asset and SBITA liability is presented in Note 9.

Current Financial Statements

This fiscal year was the eleventh year of operations for the School. In June 2020, the School District of Lee County renewed the original 5-year contract for another fifteen (15) years, expiring June 30, 2035. NPCHS is the third of three schools opened and operated by the Board of Directors of City of Palms Charter High School, Inc. (the "Board"). The Board has contracted with Consulting and Professional Assistance, Inc. ("CPA's") to provide day-to-day management services including financial management and reporting, equipment, technology, operational support services, facilities, and personnel management services. CPA's provides services for a percentage share of the per pupil revenues received by the School.

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. If you have questions about this report or need additional information, contact Amy Rohner, Vice President-School Services, Consulting and Professional Assistance, Inc. at City of Palms Charter High School, 2830 Winkler Avenue, Suite 201, Fort Myers, FL 33916; (239) 561-6611.

Next Year's Budget

Amounts available for appropriation in the general fund for FY27 are approximately $1,304,100 – an increase of $489,378 from FY26 actual amounts. The increase is due to anticipated increases in enrollment from 89 to 140 students. Enrollment and recruitment activities related to the expansion and relocation of the school are anticipated to increase enrollment substantially. Budgeted expenditures equal $1,284,100. If the preceding estimates are realized, the general fund will increase by $20,000 by the end of FY27.

During FY25, FY24, FY23, FY22 and FY21, the School was the recipient of grant dollars related to the COVID-19 pandemic. Federally approved ESSER III grant funds equal $212,760. All ESSER III funds were collected by the end of FY25. For half of FY26, the School received funds from the Lee County School District for monies collected from a ten-year half-percent county-wide sales tax referendum passed in 2019. Combined with new distributions of annual millage revenues, the School is anticipating nearly $250,000 additional revenues earmarked for capital improvements.

McCRADY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors of City of Palms Charter High School, Inc. *dba* Northern Palms Charter High School, a Charter School and Component Unit of the District School Board of Lee County, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund , and the aggregate remaining fund information of City of Palms Charter High School, Inc. *dba* Northern Palms Charter High School, a Charter School and Component Unit of the District School Board of Lee County, Florida, (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, each major fund, and the aggregate remaining fund information of City of Palms Charter High School, Inc. *dba* Northern Palms Charter High School, a Charter School and Component Unit of the District School Board of Lee 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 the 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 representation 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 and 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, forger, 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 and 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 of 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 an 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 30, 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, 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 and Associates, PLLC

Altamonte Springs, Florida
September 30, 2026

CITY OF PALMS CHARTER HIGH SCHOOL, INC.
dba
NORTHERN PALMS CHARTER HIGH SCHOOL
A Charter School and Component Unit of the
District School Board of Lee County, Florida
Statement of Net Position – Governmental Activities
June 30, 2026

Assets		
Current assets		
Cash and cash equivalents	$	936,383
Other assets		7,587
Right-of-use assets		
Right-of-use lease asset		5,941,005
Right-of-use SBITA asset		51,757
Less: accumulated amortization		(349,488)
Total right-of-use assets, net		5,643,274
Capital assets		
Furniture, fixtures and equipment		76,668
Security hardware		23,963
Computer hardware		166,811
Instructional technology		46,732
Computer software		16,733
Leasehold improvements		4,810
Less: accumulated depreciation		(240,316)
Total capital assets, net		95,401
Total assets	$	6,682,645
Liabilities		
Accrued payroll payable	$	54,300
Accounts payable and accrued expenses		764,811
Long-term liabilities		
Portion due or payable within one year		
Lease payable		127,713
SBITA payable		10,328
Portion due or payable after one year		
Lease payable		5,502,126
SBITA payable		10,181
Total liabilities	$	6,469,459
Net Position		
Invested in capital assets, net of related debt	$	95,401
Invested in right-of-use assets, net of related debt		(7,074)
Unrestricted		124,859
Total net position	$	213,186

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

CITY OF PALMS CHARTER HIGH SCHOOL, INC.
dba
NORTHERN PALMS CHARTER HIGH SCHOOL

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

Statement of Activities

For the Year Ended June 30, 2026

	Expenses	Capital Grants	Net (Expenses) Revenues and Changes in Net Position Total Governmental Activities
Governmental activities:			
Instruction	$ 346,070	$ -	$ (346,070)
Instructional support services	117,921	57,278	(60,643)
Board	19,985	-	(19,985)
School administration	509,704	-	(509,704)
Central services	33,855	-	(33,855)
Transportation	2,925	-	(2,925)
Operation of plant	225,521	59,138	(166,383)
Maintenance of plant	9,950	-	(9,950)
Total primary government	$ 1,265,931	$ 116,416	(1,149,515)
State and local sources			782,675
Contributions and other revenues			103,297
Total general revenues			885,972
Change in net position from operations			(263,543)
Right-of-use notes payable - interest			(14,883)
Total change in net position			(278,426)
Net position at beginning of year			491,612
Net position at end of year			$ 213,186

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

CITY OF PALMS CHARTER HIGH SCHOOL, INC.
dba
NORTHERN PALMS CHARTER HIGH SCHOOL

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

Balance Sheet – Governmental Fund

June 30, 2026

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 865,163	$ 71,220	$ 936,383
Other assets	7,587	-	7,587
Total assets	$ 872,750	$ 71,220	$ 943,970
Liabilities			
Accrued payroll payable	$ 54,300	$ -	$ 54,300
Accounts payable and accrued expenses	764,811	-	764,811
Total liabilities	819,111	-	819,111
Fund Balance			
Nonspendable:			
Restricted	7,587	71,220	78,807
Spendable:			
Unassigned	46,052	-	46,052
Total fund balance	53,639	71,220	124,859
Total liabilities and fund balance	$ 872,750	$ 71,220	$ 943,970

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

CITY OF PALMS CHARTER HIGH SCHOOL, INC.
dba
NORTHERN PALMS CHARTER HIGH SCHOOL

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

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

June 30, 2026

Total fund balance - governmental fund	$	124,859
Amounts reported for governmental activities in the statement of net assets are different because:		
Assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		
Capital assets		335,717
Accumulated depreciation		(240,316)
Right-of-use lease asset		5,941,005
Right-of-use SBITA asset		51,757
Accumulated amortization		(349,488)
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:		
Lease note payable		(5,629,839)
SBITA payable		(20,509)
Total net position - governmental activities	$	213,186

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

CITY OF PALMS CHARTER HIGH SCHOOL, INC.
dba
NORTHERN PALMS CHARTER HIGH SCHOOL

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

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

For the Year Ended June 30, 2026

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Funds
Revenues					
State and local sources	$ 703,739	$ -	$ -	$ -	$ 703,739
Capital outlay	-	-	59,138	-	59,138
Sales Tax Referendum	-	-	57,278	-	57,278
Local capital improvement	-	71,220	-	-	71,220
School recognition grant	7,716	-	-	-	7,716
Contribution & other revenues	103,297	-	-	-	103,297
Total revenues	814,752	71,220	116,416	-	1,002,388
Expenditures					
Instruction	315,428	-	-	-	315,428
Instructional support services	60,643	-	57,278	-	117,921
Board	19,985	-	-	-	19,985
School administration	477,494	-	-	-	477,494
Central services	33,855	-	-	-	33,855
Transportation	2,925	-	-	-	2,925
Operation of plant	109,628	-	59,138	-	168,766
Maintenance of plant	9,950	-	-	-	9,950
Capital outlay	28,475	-	-	-	28,475
Right-of-use asset	72,333	-	-	-	72,333
Debt Service					
Principal	-	-	-	69,450	69,450
Interest	-	-	-	14,883	14,883
Total expenditures	1,130,716	-	116,416	84,333	1,331,465
Change in fund balance operations	(315,964)	71,220	-	(84,333)	(329,077)
Proceeds from issuance of debt	-	-	-	72,333	72,333
Transfers	(12,000)	-	-	12,000	-
Total change in fund balance	(327,964)	71,220	-	-	(256,744)
Fund balance at beginning of year	381,603	-	-	-	381,603
Fund balance at end of year	$ 53,639	$ 71,220	$ -	$ -	$ 124,859

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

CITY OF PALMS CHARTER HIGH SCHOOL, INC.
dba
NORTHERN PALMS CHARTER HIGH SCHOOL

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

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Fund to the
Statement of Activities

For the Year Ended June 30, 2026

Net changes in fund balance - governmental fund	$	(256,744)
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.		
Capital outlay additions		28,475
Depreciation / amortization expense		(55,436)
Amortization of right-to-use asset is reported as an expense on the statement of activities, however, no amounts are reported in the governmental funds. The amount incurred in the current year is		5,500,095
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.		(5,494,816)
Change in net position of governmental activities	$	(278,426)

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

CITY OF PALMS CHARTER HIGH SCHOOL, INC.
dba
NORTHERN PALMS CHARTER HIGH SCHOOL

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

Notes to Financial Statements

For the Year Ended June 30, 2026

1. Description of School and Reporting Entity

City of Palms Charter High School, Inc. (the "Corporation") *dba* Northern Palms Charter High School (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, F.S., the Florida Not-For-Profit Corporation Act and Section 1002.33, Florida Statutes. The Corporation currently operates two charter schools in addition to this school. All three schools have the same Board of Governance. As such, they are related entities. See Note 3.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not present fairly, the financial position of the Corporation as of June 30, 2026, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 Lee County, Florida (the "District"). The original five-year contract, ending June 30, 2020, was renewed by mutual written agreement between the School and the District for a fifteen-year period ending June 30, 2035. The School contracts with Consulting and Professional Assistance, Inc. ("CPA's") for management of day-to-day operations as described in Note 11.

At the end of the 15-year renewal term of the charter contract, the District may choose not to renew the agreement under grounds specified in the charter contract. In this case, the District is required to notify the School in writing at least 90 days prior to the contract's expiration. During the term of the charter, the District may also terminate the charter contract for cause. In that event, any property purchased by the School with public funds and any unencumbered public funds, except capital outlay funds, reverts back to the District. Any unencumbered capital outlay funds revert back to the Florida Department of Education to be redistributed among eligible charter schools.

The School is considered a component unit of the District and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB") accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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

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 employees, salaries, and related liabilities are the responsibility of the management company, the School has not included a liability for compensated absences in accrued expenses.

1. Description of School and Reporting Entity -- Recently Issued Accounting Pronouncements – continued

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, 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. Summary of Significant Accounting Policies

The School has adopted guidance issued by the GASB that established fund balance classifications that comprise of a hierarchy based primarily on the extent to which an entity is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This guidance improves the usefulness of fund balance information by clarifying the definitions of existing governmental fund types and providing additional classifications of fund balance.

Basis of Presentation

The basic financial statements of the School have been prepared in conformity with generally accepted accounting principles as applied to governmental nonprofit organizations. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The government-wide financial statements report about the School as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The government-wide financial statements of the School consist of governmental activities. The School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based on the purpose for which they are spent and the means by which spending activities are controlled.

The funds in the financial statements of this report are the General Fund, Special Revenues Fund and the Capital Projects Fund. The General Fund is the School's primary operating fund that accounts for all financial resources not required to be accounted for in another fund. For purposes of these statements, these funds constitute major funds.

2. Summary of Significant Accounting Policies –continued

Basis of Accounting

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

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

The governmental funds basic financial statements are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collectable within a current period. The School considers revenues to be available if they are collected within 60 days after the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is 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 from the acquisition of long-term debt are reported as other financing sources.

Budgetary Basis of Accounting

Budgets are presented on the modified accrual basis of accounting. Expenditures were controlled at the object level.

Cash and Cash Equivalents

All cash received by the School is maintained in demand deposit accounts. Under current regulations, deposit accounts are insured by the FDIC up to $250,000 per insured institution. The School currently holds its deposit accounts at two institutions. At June 30, 2026, these accounts total $943,970. Amounts deposited above the FDIC insured amount total $603,423. The School does not anticipate any losses associated with these accounts.

Capital Assets and Depreciation

The School's capitalization threshold is $1,000. Capital assets are recorded on the Statement of Net Position at cost, net of accumulated depreciation or amortization. Depreciation is computed using the straight-line method over three years, with a half-year convention, for furniture, fixtures and equipment, computer hardware and software, and security equipment. Amortization of leasehold improvements is charged over the remaining life of the lease.

Net Position and Fund Balance Classifications

Government-Wide Financial Statements

Net Position is classified and reported in four components.

- Investment in capital assets, net of related debt – consists of capital asset net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Investment in right-of-use assets, net of related debt – consists of right-of-use assets net of accumulated amortization and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.

2. Summary of Significant Accounting Policies - Net Position and Fund Balance Classifications - *Government-Wide Financial Statements* – continued

- 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 "invested in capital assets, net of related debt" or "restricted".

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 fund balance categories listed on the following page.

- Nonspendable – fund balance related to inventories, prepaid expenses, long-term loans and notes receivable, 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 including 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 including amounts intended to be used by the School's management for specific purposes that 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.

2. Summary of Significant Accounting Policies – continued

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under the provisions of Section 1011.62, F.S., the District reports the number of full- time equivalent students to the Florida Department of Education ("FDOE") for funding through the Florida Education Finance Program (FEFP). During the year, funding is adjusted to reflect the revised calculations by FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The District receives a 5% administrative fee for the first 250 students which is reflected as central services in the accompanying Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.

The School is eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, any unexpended amounts are reflected as restricted net assets and restricted fund balance in the accompanying Statement of Net Position and Balance Sheet – Governmental Fund, respectively. All capital outlay funds received were used for lawful expenditures during FY26.

In January 2026, the District began sharing the one-half percent county sales tax increase passed by the voters to fund capital projects. The funds are distributed to the School based upon an estimate that will be reconciled during FY27. In addition, the District distributed a lump-sum amount, also to be used for capital projects, based upon millage. Both of these revenue streams are anticipated to continue until at least FY29 when the sales tax referendum expires.

The Board of Directors has authorized contributions from Palm Acres Charter High School to Northern Palms Charter High School. Both schools are operated by a common board and located within the same Florida county school district.

Income Taxes

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

The School has adopted guidance related to accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. This guidance is applicable to not-for-profit organizations that may be conducting unrelated business activities, which are potentially subject to income taxes, including state income taxes.

The School regularly assesses its income tax positions, including its continuing tax status as a not-for-profit entity, and recognizes tax benefits only to the extent that the School believes it is "more likely than not" that its tax positions will be sustained upon an examination by the Internal Revenue Service ("IRS") or the applicable state taxing authority. Accordingly, there is no provision for federal income taxes in the financial statements, as the School believes all tax positions, including its continuing status as a not- for-profit entity, have a greater than 50% chance of realization in the event of an IRS audit. State income taxes, which may be due in certain jurisdictions, have been assessed following the same "more likely than not" measurement threshold. The School's income tax returns for the past three tax years are subject to examination by tax authorities and may change upon examination.

2. Summary of Significant Accounting Policies – continued

Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Significant estimates include depreciation/amortization of capital assets, interest rates utilized in calculating present value of "right-to-use" assets – including SBITA and the allocation of certain expenses to the three related schools based upon enrollment. Actual results could differ from those estimates.

Subsequent Events

The School has adopted guidance that requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date (that is, whether that date represents the date the financial statements were issued or were available to be issued). The School has evaluated subsequent events through September 30, 2026, which is the date the financial statements were available to be issued. The Board has entered into an agreement to participate in a lawsuit requesting the Lee County School Board share with Lee County charter schools revenues collected from the half-percent sales tax increase previously enacted.

3. Related Party Transactions

NPCHS is one of three schools operated by a common board of Directors – City of Palms Charter High School, Inc. The first school, City of Palms Charter High School, formerly known as "Life Skills Center of Lee County" opened in fall 2006 under a five year contract. That contract was renewed in June 2026 by the School District of Lee County for an additional ten years ending in June 2036. The second school, Palm Acres Charter High School, opened in August 2014 in Lehigh Acres and was renewed in June 2019 for an additional 15 years ending in June 2035.

During the routine course of business, invoices and payroll which apply to all schools may be paid by a single entity. The schools track these amounts due to or from each related entity or school separately. At June 30, 2026, Northern Palms Charter High School owed City of Palms CHS and Palm Acres CHS $731,948 and $6,274, respectively. These amounts are included in the accompanying statements of net position and balance sheet – governmental funds. For FY26 and FY25, the Board of Directors passed resolutions authorizing contributions in the amounts of $100,000 and $275,000, respectively, to Northern Palms Charter High School from Palm Acres Charter High School.

4. 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).

4. Fair Value Measurements – continued

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 assets 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.

5. Accounts Receivable

At June 30, 2026, no accounts receivable were due to the School. All monies due had been received as the end of the fiscal year. Based on the lack of receivables, it has determined that an allowance for doubtful accounts is not necessary.

6. Other Current Assets - Total other current assets of $7,586 consist of the following:

Prepaid Rent	$ 6,084	80.2%
Prepaid Bus Passes	263	3.5%
Security Deposit	1,240	16.3%
Total	$ 7,587	100.0%

7. Accounts Payable

Total accounts payable of $819,111 are represented by the following:

Intercompany accounts payable	$ 738,222	90.2%
Accrued salaries payable	54,300	6.6%
Accounts payable - general	26,589	3.2%
Total	$ 819,111	100.0%

See Note 3 – Related Party Transactions for additional information regarding intercompany accounts payable.

8. Capital Assets and Depreciation

For the year ended June 30, 2026, the School's capital assets consisted of the following:

	Beginning Balance	Additions	Ending Balance
Capital assets being depreciated:			
Furniture, fixtures and equipment	$ 76,668	$ -	$ 76,668
Security hardware	23,963	-	23,963
Computer hardware	138,337	28,475	166,812
Instructional technology	46,732	-	46,732
Computer software	16,733	-	16,733
Leasehold improvements	4,810	-	4,810
Total	$ 307,243	$ 28,475	$ 335,718
Less accumulated depreciation:			
Furniture, fixtures and equipment	$ (27,908)	$ (19,504)	$ (47,412)
Security hardware	(17,327)	(2,895)	(20,222)
Computer hardware	(93,020)	(22,873)	(115,893)
Instructional technology	(30,705)	(6,411)	(37,116)
Computer software	(11,151)	(3,713)	(14,864)
Leasehold improvements	(4,770)	(40)	(4,810)
Total	$ (184,881)	$ (55,436)	$ (240,317)
Net capital assets	$ 122,362	$ (26,961)	$ 95,401

Depreciation expense of $29,948 was allocated and charged as follows in accompanying Statement of Activities:

Instructional	$ 20,291
Administrative	32,210
Operation of Plant	2,935
Total depreciation expense	$ 55,436

9. Right-of-Use Lease Assets

Right-of-Use Lease Asset and Lease Note Payable

On July 14, 2020, the School entered into a non-cancelable lease agreement with CS Property Holdings, LLC. Corp., a Florida limited liability company, ("Landlord") for use of School facilities through July 31, 2025. In June 2025, an amendment to the lease was signed extending the end date to July 31, 2027. The School is required to pay insurance and operating costs for water, sewer, electric, telephone, trash removal and utilities. Improvements, repairs and maintenance to the Leased Premises are the responsibility of the School. The School shall not be charged for real estate taxes or exterior maintenance. This lease is in effect at June 30, 2026.

In the current fiscal year, in addition to the current lease for 13251 N Cleveland Avenue in North Fort Myers, the School signed a lease for a new building located at 1750 N Tamiami Trail in North Fort Myers. The new lease is for a ten-year period with two seven-year options for a total of twenty-four years. As of June 30, 2026, the landlord is still building out the space. Base rent will not begin until November 2026, at the earliest. The School recognized an increase to the right-of-use asset and an increase to the related lease liability of $5,564,266. Information related to the change in the right-of-use asset and lease liability is presented below.

Adhering to the requirements of GASB 87, the School recorded the lease asset, related amortization expense, and lease note liability. Balances related to the right-of-use lease asset and lease note payable at June 30, 2026 are as follows:

Right-of-use lease asset, net:	
Right-of-use lease asset, net, beginning of year	$ 112,124
Addition of signed lease for new location	5,564,266
Change in accumulated amortization	(53,820)
Right-of-use asset, net, end of year	$ 5,622,570
Right-of-use lease note payable:	
Note payable balance, beginning of year	$ 60,991
Addition of signed lease for new location	5,564,266
Principal payments	(59,073)
Note payable balance, end of year	$ 5,629,839

In the current year, interest expense related to the amortization of the lease note payable of $13,260 was included as debt service. Current year amortization expense of $53,820 related to the right-of-use lease asset was calculated on a straight-line basis, charged to governmental activities and included within operations of plant.

The School currently has a signed lease with CS Property Holdings, LLC. Corp. (Landlord) for continued use of the current building for two years with a 3-year renewal option, through July 31, 2031. The School is also party to a lease for a new location to become occupied during FY27. Future minimum lease payments under all Northern Palms' lease agreements, as well as future minimum payments for Palm Acres Charter High School and City of Palms Charter High School are presented on the following page.

9. Right-of-Use Lease Assets – Future minimum lease payments - continued

	City of Palms Charter HS			Palm Acres Charter HS			Northern Palms Charter HS		
	Principal	Interest	TOTAL	Principal	Interest	TOTAL	Principal	Interest	TOTAL
FY27	$ 77,671	$ 28,939	$ 106,611	$ 73,596	$ 22,404	$ 96,000	$ 127,712	$ 125,288	$ 253,000
FY28	81,068	29,808	110,875	72,924	23,076	96,000	124,936	171,147	296,083
FY29	84,608	30,702	115,310	72,232	23,768	96,000	142,175	176,225	318,400
FY30	88,300	31,623	119,923	71,519	24,481	96,000	157,008	181,512	338,520
FY31	92,565	32,572	125,137	70,784	25,216	96,000	168,502	186,958	355,460
FY32	97,011	33,549	130,559	70,028	25,972	96,000	180,674	192,566	373,240
FY33	101,226	34,555	135,782	69,249	26,751	96,000	188,477	198,343	386,820
FY34	105,621	35,592	141,213	68,446	27,554	96,000	194,106	204,294	398,400
FY35	110,202	36,660	146,861	11,200	4,800	16,000	199,878	210,422	410,300
FY36	108,262	31,281	139,543	-	-	-	205,869	216,735	422,604
FY37+	-	-	-	-	-	-	3,940,501	3,896,763	7,837,264
TOTAL	$ 946,534	$ 325,279	$ 1,271,813	$ 579,978	$ 204,022	$ 784,000	$ 5,629,838	$ 5,760,253	$ 11,390,091

	TOTAL All Schools		
	Principal	Interest	TOTAL
FY27	$ 278,979	$ 176,631	$ 455,611
FY28	278,928	224,031	502,958
FY29	299,015	230,695	529,710
FY30	316,827	237,616	554,443
FY31	331,851	244,746	576,597
FY32	347,713	252,087	599,799
FY33	358,952	259,649	618,602
FY34	368,173	267,440	635,613
FY35	321,280	251,882	573,161
FY36	314,131	248,016	562,147
FY37+	3,940,501	3,896,763	7,837,264
TOTAL	$ 7,156,350	$ 6,289,554	$ 13,445,904

Right-of-use SBITA asset and SBITA payable

Interest expense related to the SBITA note payable is $1,623 for FY26 and is included as debt service. Amortization expense of $10,377 was calculated on a straight-line basis, charged to governmental activities and included within instructional expenses. Future payments under this agreement are as follows:

	TOTAL		
	Principal	Interest	**TOTAL**
FY27	$ 10,328	$ 1,672	$ 12,000
FY28	10,181	1,819	$ 12,000
TOTAL	$ 20,509	$ 3,491	$ 24,000

10. Schedule of State and Local Revenue Sources

For the year ended June 30, 2026, state and local revenues were received as follows:

Florida Education Finance Program	$ 472,643
Contribution	100,000
Discretionary millage	89,505
Class size reduction	80,697
Local capital improvement	71,220
Capital outlay revenue	59,138
Sales Tax Referendum	57,278
Education enrichment allocation	32,700
ESE guaranteed allocation	17,995
Student transportation	11,700
Safe schools	8,117
School recognition award	7,716
Mental health assistance allocation	5,674
Interest income	3,297
Prior year revenue adjustment	(15,292)
Total State and Local Revenue	$ 1,002,388

The administration fee paid to the District during the year ended June 30, 2026 totaled $33,855. The fee is reflected as central services in the accompanying Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

11. Educational Management Providers

The Board of Directors entered into a contract with Consulting and Professional Assistance, Inc. (CPA's) to provide business and educational oversight services to the School. The Principal oversees academics and CPA's oversees all other operations. Fees of $151,947 are reflected as school administration in the accompanying Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund.

12. Risk Management

The School is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School is in compliance with coverage parameters dictated by the charter contract with the District.

13. Contingencies

Grants

The School participates in state and federal grant programs which are governed by various rules and regulation of the grantor agencies. Cost 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 may become 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.

CITY OF PALMS CHARTER HIGH SCHOOL, INC.
dba
NORTHERN PALMS CHARTER HIGH SCHOOL

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

Required Supplementary Information

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2026

	Original Budget	*Change*	Amended Budget	Actual	*Variance*
Enrollment	*130*	*(40)*	*90*	*89*	*(1)*
Revenues					
Federal sources	$ 5,000	*$ (5,000)*	$ -	$ -	*$ -*
State and local sources	1,150,000	*(450,000)*	700,000	703,739	*3,739*
School recognition grant	-	*7,500*	7,500	7,716	*216*
Contribution and other revenues	40,000	*63,500*	103,500	103,297	*(203)*
Total revenues	1,195,000	*(384,000)*	811,000	814,752	*3,752*
Expenditures					
Instruction	350,000	*(28,000)*	322,000	315,428	*(6,572)*
Instructional support services	70,000	*50,000*	120,000	60,643	*(59,357)*
Board	16,000	*4,000*	20,000	19,985	*(15)*
School administration	472,500	*27,500*	500,000	477,494	*(22,506)*
Central services	57,500	*(22,500)*	35,000	33,855	*(1,145)*
Pupil transportation services	5,000	*(2,000)*	3,000	2,925	*(75)*
Operation of plant	170,000	-	170,000	109,628	*(60,372)*
Maintenance of plant	4,000	*8,000*	12,000	9,950	*(2,050)*
Capital outlay	-	-	-	28,475	*28,475*
Right-of-use asset	-	-	-	72,333	*72,333*
Total expenditures	1,145,000	*37,000*	1,182,000	1,130,716	*(51,284)*
Change in fund balance - operations	50,000	*(421,000)*	(371,000)	(315,964)	*55,036*
Transfer from special revenue fund	-	-	-	-	-
Transfer to debt service fund	-	-	-	(12,000)	*(12,000)*
Total change in fund balance	50,000	*(421,000)*	(371,000)	(327,964)	*43,036*
General fund balance - beginning	381,603	-	381,603	381,603	-
General fund balance – end of year	$ 481,603	*$ (421,000)*	$ 10,603	$ 53,639	*$ 43,036*

The nearly $400,000 difference from initially projected revenues is primarily attributable to a $175,000 decrease in intercompany contributions, a decrease of over $177,000 in federal grant revenues, a decrease of $35,000 from miscellaneous grants received and another $13,000 decrease due to various changes in other revenue streams.



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 City of Palms Charter High School, Inc. *dba* Northern Palms Charter High School, a Charter School and Component Unit of the District School Board of Lee 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 for the City of Palms Charter High School, Inc. *dba* Northern Palms Charter High School, a Charter School and Component Unit of the District School Board of Lee County, Florida (the "School"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 30, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of School's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

This report is intended solely for the information and use of management of the School, the District School Board of Lee County, Florida, the Florida Department of Education and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

McCrady and Associates, PLLC

Altamonte Springs, Florida
September 30, 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 City of Palms Charter High School, Inc. *dba* Northern Palms Charter High School, a Charter School and Component Unit of the District School Board of Lee County, Florida,

Report on the Financial Statements

We have audited the financial statements of City of Palms Charter High School, Inc. *dba* Northern Palms Charter High School (the "School") as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated September 30, 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 30, 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 are no prior audit findings to report upon.

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 City of Palms Charter High School, Inc. *dba* Northern Palms Charter High School.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of 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.

Financial Condition and Management (continued)

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 have 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, the Lee County School Board, Federal and other granting agencies, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

McCrady and Associates, PLLC

Altamonte Springs, Florida
September 30, 2026