2026

Apalachicola Bay Charter School, Inc.

Financial Statements and Independent Auditor's Report

June 30, 2026

APPROVED
SEP 23 2026
Apalachicola Bay Charter Sch
Board of Directors
Authorized Signature

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

PURVIS GRAY

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

The Board of Directors
Apalachicola Bay Charter School, Inc.
Apalachicola, Florida

We have audited the financial statements of the governmental activities and each major fund of the Apalachicola Bay Charter School, Inc. (the School), a component unit of the Franklin County School District, as of and for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated January 20, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in Note 1 to the financial statements. The School implemented Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements,* during the fiscal year ended June 30, 2026. See Note 1 to the financial statements for a description of the changes. The application of existing policies was not changed during the year ended June 30, 2026. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates may be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the School's financial statements include the following:

- Fair Value of Certificates of Deposit—The School owns certain negotiable certificates of deposit that are valued by the School's investment broker.

- Depreciation—The School uses straight-line method over the estimated original useful life of the asset.

- Compensated Absences—The School estimates the amount of sick leave that will be used in future years when measuring the compensated absences liability.

We evaluated the methods, assumptions, and data used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

- The disclosure of related-party transactions with the Franklin County School District in Note 11.

The financial statement disclosures are neutral, consistent, and clear.

Upcoming Accounting Pronouncements
The GASB has issued Statement No. 105, *Subsequent Events*. This Statement establishes accounting and financial reporting requirements for transactions and other events occurring after the financial statement date but before the financial statements are available to be issued. The Statement distinguishes between recognized subsequent events that provide evidence regarding conditions existing at the financial statement date and non-recognized subsequent events that relate to conditions arising after that date. It also establishes disclosure requirements for certain non-recognized subsequent events and requires disclosure of the date through which subsequent events were evaluated. The provisions of this Statement are effective for the fiscal years beginning after June 15, 2026, and the School will be required to implement this statement for the fiscal year ending June 30, 2027. Management is evaluating the effect that implementation of this Statement will have on the School's financial statements.

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that certain uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit. Additionally, certain material misstatements were detected as a result of audit procedures and corrected by management. See attached schedule of audit adjustments and uncorrected, immaterial misstatements.

Disagreements with Management
For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

The Board of Directors
Apalachicola Bay Charter School, Inc.
Apalachicola, Florida

Management Representations
We have requested certain representations from management that are included in the management representation letter dated September 8, 2026.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Significant Risks Identified
In our engagement letter with the School, we identified a significant risk related to improper revenue recognition. Further planning determined that this particular risk is no longer presents a significant risk of material misstatement to the financial statements of the School.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and the budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Apalachicola Bay Charter School, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis Gray

September 8, 2026
Tallahassee, Florida

EXHIBIT A

SCHEDULE OF AUDIT ADJUSTMENTS

	Fund	Acct #	Acct Description	DR	CR
1	General	7400630	Facilities Acquisition: Buildings	$ 418,550.11	
	General	3401	Revenues from Local Sources: Triumph Grant		$ 418,550.11

To recognize income and expense associated with reimbursements received for the construction of the STEM building.

	Fund	Acct #	Acct Description	DR	CR
2	Capital Projects	1144	Accounts Receivable: FCSD Property Tax	$ 80,213.36	
	Capital Projects	3392	Capital Outlay Sales Tax		$ 80,213.36

To recognize late receipt of local sales tax revenue and related receivable as of 6/30/26.

EXHIBIT B

SCHEDULE OF UNCORRECTED MISSTATEMENTS

	Fund	Acct #	Acct Description	DR	CR
1	Capital Projects	3392	Capital Outlay Sales Tax	$ 47,498.15	
	Capital Projects	3900	Fund Equity		$ 47,498.15

To reverse revenue associated with FY25 against prior year ending fund balance.

2026

Apalachicola Bay Charter School, Inc.

Financial Statements and Independent Auditor's Report

June 30, 2026

PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

APALACHICOLA BAY CHARTER SCHOOL, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2026

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PURVIS GRAY

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Apalachicola Bay Charter School, Inc.
Apalachicola, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Apalachicola Bay Charter School, Inc. (the School), a component unit of Franklin County School Board, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the School adopted Governmental Accounting Standards Board Statement No. 103, *Financial Reporting Model Improvements*, as of July 1, 2025. Implementation of this Statement resulted in changes to the presentation of budgetary comparison information and related note disclosures, as well as changes to the content and format of Management's Discussion and Analysis. Our opinion is not modified with respect to this matter.

To the Board of Directors
Apalachicola Bay Charter School, Inc.
Apalachicola, Florida

INDEPENDENT AUDITOR'S REPORT

Reporting Entity
As discussed in Note 1 to the financial statements, the School is included in the operations of the Franklin County School Board and is included in their basic financial statements as a component unit. These financial statements present only the financial position of the School on June 30, 2026, and the changes in financial position for the year then ended and are not intended to be a complete presentation of the Franklin County School Board. Our opinions are not modified with respect to this matter.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.

To the Board of Directors
Apalachicola Bay Charter School, Inc.
Apalachicola, Florida

INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-8 and 25-28 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 8, 2026, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Purvis Gray

September 8, 2026
Tallahassee, Florida

APALACHICOLA BAY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis provides management's overview of Apalachicola Bay Charter School, Inc.'s (the School) financial activities for the fiscal year ended June 30, 2026. Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to financial statements found on pages 9 through 24.

1. OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- School-Wide Financial Statements
- Fund Financial Statements
- Notes to Financial Statements

School-Wide Financial Statements

The School-wide financial statements provide both short-term and long-term information about the School's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net position provides information about the School's financial position, its assets, and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the School. The statement of activities presents information about the change in the School's net position, and its results of operations during the fiscal year. An increase or decrease in net position is an indication of whether the School's financial health is improving or deteriorating. This information should be evaluated in conjunction with other non-financial factors, such as changes in student enrollment.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is 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 legal requirements and prudent fiscal management. Certain funds are established by law, while others are created by legal agreements. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant or "major" funds rather than fund types. This contrasts with the entity-wide perspective contained in the School-wide statements. All the School's funds may be classified within one of two broad categories as discussed below.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the School-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the School-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on *near-term* inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the School's *near-term* financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the School-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School's major funds are the General Fund, Capital Projects Fund, and Special Revenue Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the School-wide and fund financial statements.

2. FINANCIAL SUMMARY

This section is used to present condensed financial information from the School-wide statements that compare the current year to the prior year.

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. The following is a summary of the School's net position as of June 30, 2026 and 2025:

	June 30, 2026	June 30, 2025
Total Assets consist of the following elements:		
Current Assets	$ 4,741,449	$ 4,419,827
Non-Current Assets	3,937,222	3,307,688
Total Assets	$ 8,678,671	$ 7,727,515

	June 30, 2026	June 30, 2025
Total Liabilities consist of the following elements:		
Current Liabilities	$ 480,147	$ 577,330
Non-Current Liabilities	3,719	5,167
Total Liabilities	$ 483,866	$ 582,497

	June 30, 2026	June 30, 2025
Total Net Position consists of the following elements:		
Investment in Capital Assets	$ 3,937,222	$ 3,307,688
Restricted	1,218,845	1,052,247
Unrestricted	3,038,738	2,785,083
Total Net Position	$ 8,194,805	$ 7,145,018

The key elements of the increase in the School's net position for the fiscal years ended June 30, 2026 and 2025, are as follows:

	Operating Results for the Fiscal Year Ended June 30, 2026	June 30, 2025
Program Revenues:		
Operating Grants and Contributions	$ 602,988	$ 812,091
Capital Grants and Contributions	1,420,944	1,111,157
General Revenues:		
Grants and Contributions Not Restricted to Specific Programs	4,598,471	3,940,738
Investment Income	102,913	90,417
Total Revenues	6,725,316	5,954,403
Functions/Program Expenses:		
Instruction and Instruction-Related Services	3,598,338	3,244,603
General Administration – Board	6,299	14,878
School Administration	568,882	572,402
Facilities Acquisition and Construction	69,633	117,940
Fiscal Services	136,014	112,133
Pupil Transportation Services	93,948	64,800
Operation of Plant	496,971	480,595
Maintenance of Plant	217,021	142,564
Student Activities	161,760	121,056
Unallocated Depreciation Expense	326,663	315,594
Total Functions/Program Expenses	5,675,529	5,186,565
Increase in Net Position	$ 1,049,787	$ 767,838

The School's total net position increased by $1,049,787, or 14.7%, during fiscal year 2026. The increase was primarily attributable to an increase in certain revenues from local sources, including grants for construction and local tax levies.

3. DETAILED ANALYSES

Significant variances in the year-over-year comparison are described below.

A. Government-Wide Financial Position

- Current Assets increased by $321,622, or 7.3% primarily due to operating results, which increased cash and investment reserves.

- Non-Current Assets increased by $629,534, or 19.0%. This was primarily due to increased capital outlay activity associated with the construction of the new STEM building during the year, and other capital upgrades throughout the School, such as fencing and sidewalk work and security improvements.

- Current Liabilities decreased by $97,813, or 16.8%. In the prior year, the School booked a large payable associated with the construction work on the new STEM building that did not repeat in the current year. This was partly offset by a larger payroll accrual, stemming from more employees being accrued for more days.

- Restricted Net Position increased by $166,598, or 15.8%. This was primarily due to an increase in restricted fund balance associated with the Capital Projects Fund. The School received a large reimbursement for construction costs associated with the new STEM building.

B. Government-Wide Operating Results

- Operating Grants and Contributions decreased by $209,103, or 25.8%. Federal funding related to the pandemic was eliminated in the current year, and the prior year balance contained a partial year of pandemic-related funding.

- Capital Grants and Contributions increased by $309,787, or 27.9%. The School received reimbursements related to the construction of the new STEM building in the current year.

- Unrestricted Grants and Contributions increased by $657,733, or 16.7%. The School received a significantly larger share of the local tax levy funds during the current year due to an increase in the local millage rate.

- Instruction and Instruction-Related Services increased by $353,735, or 10.9%. The School awarded raises to teachers and increased retention bonuses for current teachers.

C. Major Fund Analysis

The General Fund ended the year with a fund balance of $4,363,502, an increase of $425,069. The increase resulted primarily from the revenues and expenditures as described above. Capital outlay expenditures of $956,197 School-wide reduced General Fund balance during the year. In the government-wide statements, those expenditures were capitalized rather than reported as current-year expenses, with depreciation recognized over the assets' estimated useful lives. The Capital Projects Fund and Special Revenue Fund do not carry a fund balance.

4. SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital asset additions totaled $956,197 during fiscal year 2026. The largest addition to capital assets was the completion of the new STEM building, which the School began using during the year. The project was financed primarily through grant funding received through Franklin County School District. The remainder of the additions comprise fencing upgrades, metal walkways outside the new STEM building, camera system upgrades, and major repairs to infrastructure. Additional information regarding capital assets is presented in Note 2 to the financial statements.

There is no long-term financing activity during the fiscal year 2026.

5. CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

SIGNIFICANT ECONOMIC FACTORS

- **Student Enrollment and Funding—**Revenues from the State for current operations are primarily from the FEFP administered by the Florida Department of Education (the Department) under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the School determines and reports the number of FTE students and related data to the Department. The Department establishes a per-student funding formula each year, and the School receives revenues based on its actual student attendance during the year.

- **Capital Outlay Funding—**In addition to the operating funds discussed under student enrollment, the School annually receives funding for eligible capital outlay projects, including debt service, from state revenue.

- **Enrollment—**The School offers a Pre-K program and a K-8th grade school. Average enrollment for K-8th grade decreased to 354 children this year from 357 last year. The Pre-K program had 30 students this year and 30 students a year ago.

- **School Charter—**The School operates under a contract with the Franklin County School Board. This contract is effective until June 30, 2029.

- **Triumph Grant—**The School completed construction on the new STEM building with $335,032 in grant funds from Triumph. The building's total cost was $926,996.

BASIC FINANCIAL STATEMENTS

APALACHICOLA BAY CHARTER SCHOOL, INC.
STATEMENT OF NET POSITION
JUNE 30, 2026

Assets		
Cash and Cash Equivalents	$	2,178,379
Investments		2,308,848
Interest Receivable on Investments		32,093
Due from Other Agencies		222,129
Capital Assets, Net		3,937,222
Total Assets		8,678,671
Liabilities		
Salaries, Benefits, and Payroll Taxes Payable		256,932
Accounts Payable		121,015
Non-Current Liabilities:		
Portion Due Within One Year:		
Liability for Compensated Absences		102,200
Portion Due After One Year:		
Liability for Compensated Absences		3,719
Total Liabilities		483,866
Net Position		
Investment in Capital Assets		3,937,222
Restricted		1,218,845
Unrestricted		3,038,738
Total Net Position	$	8,194,805

See accompanying notes.

APALACHICOLA BAY CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction and Instruction-Related Services	$ 3,598,338	$ 602,988	$ -	$ (2,995,350)
General Administration - Board	6,299	-	-	(6,299)
School Administration	568,882	-	-	(568,882)
Facilities Acquisition and Construction	69,633	-	1,420,944	1,351,311
Fiscal Services	136,014	-	-	(136,014)
Pupil Transportation Services	93,948	-	-	(93,948)
Operation of Plant	496,971	-	-	(496,971)
Maintenance of Plant	217,021	-	-	(217,021)
Student Activities	161,760	-	-	(161,760)
Unallocated Depreciation Expense	326,663	-	-	(326,663)
Total Governmental Activities	$ 5,675,529	$ 602,988	$ 1,420,944	(3,651,597)
General Revenues				
Grants and Contributions Not Restricted to Specific Purposes				4,598,471
Investment Income				102,913
Total General Revenues				4,701,384
Change in Net Position				1,049,787
Net Position - Beginning of Year				7,145,018
Net Position - End of Year				$ 8,194,805

See accompanying notes.

APALACHICOLA BAY CHARTER SCHOOL, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Capital Projects - Public Education Capital Outlay Fund	Special Revenue Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 2,178,379	$ -	$ -	$ 2,178,379
Investments	2,308,848	-	-	2,308,848
Interest Receivable on Investments	32,093	-	-	32,093
Due from Other Agencies	54,152	97,053	70,924	222,129
Due from Other Funds	167,977	-	-	167,977
Total Assets	4,741,449	97,053	70,924	4,909,426
LIABILITIES AND FUND BALANCES				
Liabilities				
Salaries, Benefits, and Payroll Taxes Payable	256,932	-	-	256,932
Accounts Payable	121,015	-	-	121,015
Due to Other Funds	-	97,053	70,924	167,977
Total Liabilities	377,947	97,053	70,924	545,924
Fund Balances				
Restricted for:				
School Safety	211,778	-	-	211,778
Student Activities	25,401	-	-	25,401
Capital Outlay	981,666	-	-	981,666
Unassigned	3,144,657	-	-	3,144,657
Total Fund Balances	4,363,502	-	-	4,363,502
Total Liabilities and Fund Balances	$ 4,741,449	$ 97,053	$ 70,924	$ 4,909,426

See accompanying notes.

APALACHICOLA BAY CHARTER SCHOOL, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

Total Fund Balance - Governmental Funds	$	4,363,502
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		3,937,222
Long-term liabilities 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:		
Liability for Compensated Absences		(105,919)
Net Position of Governmental Activities	$	8,194,805

See accompanying notes.

APALACHICOLA BAY CHARTER SCHOOL, INC.
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund	Capital Projects - Public Education Capital Outlay Fund	Special Revenue Fund	Total Governmental Funds
Revenues				
Intergovernmental:				
Florida Education Finance Program	$ 3,406,740	$ -	$ -	$ 3,406,740
Capital Outlay Funds	-	1,420,944	-	1,420,944
State	-	-	12,180	12,180
Federal Through State	-	-	281,054	281,054
Local	1,501,485	-	-	1,501,485
Investment Income	102,913	-	-	102,913
Total Revenues	5,011,138	1,420,944	293,234	6,725,316
Expenditures				
Current:				
Instruction and Instruction-Related Services	3,313,125	-	281,054	3,594,179
General Administration - Board	6,299	-	-	6,299
School Administration	568,225	-	-	568,225
Facilities and Acquisition and Construction	12,351	57,282	-	69,633
Fiscal Services	136,014	-	-	136,014
Pupil Transportation Services	93,948	-	-	93,948
Operation of Plant	393,796	103,175	-	496,971
Maintenance of Plant	25,789	191,232	-	217,021
Student Activities	161,760	-	-	161,760
Capital Outlay	99,500	844,517	12,180	956,197
(Total Expenditures)	(4,810,807)	(1,196,206)	(293,234)	(6,300,247)
Excess (Deficiency) of Revenues Over (Under) Expenditures	200,331	224,738	-	425,069
Other Financing Sources (Uses)				
Transfers in	224,738	-	-	224,738
Transfers (out)	-	(224,738)	-	(224,738)
Total Other Financing Sources (Uses)	224,738	(224,738)	-	-
Net Change in Fund Balance	425,069	-	-	425,069
Fund Balances, Beginning of Year	3,938,433	-	-	3,938,433
Fund Balances, End of Year	$ 4,363,502	$ -	$ -	$ 4,363,502

See accompanying notes.

APALACHICOLA BAY CHARTER SCHOOL, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES WITH THE SCHOOL-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Net Change in Fund Balances - Governmental Funds		$ 425,069
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build/renovate assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of activities and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.		
Capital Outlay	$ 956,197	
Depreciation Expense	(326,663)	629,534
The accrual of compensated absences is not an expenditure in governmental funds, as no amounts were actually paid. However, for governmental activities, the cost of compensated absences is measured by the amounts earned during the year. This amount reflects the net adjustment to the compensated absences accrual at June 30, 2026.		(4,816)
Change in Net Position		$ 1,049,787

See accompanying notes.

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Apalachicola Bay Charter School, Inc. (the School) conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the significant accounting policies:

Reporting Entity

The School was created on July 1, 2001, to operate as a charter school under Florida Statute 1002.33. As required by Florida Statute 1002.33, the School operates as a non-profit organization. The School is approved for non-profit status under Section 501(c)(3) of the Internal Revenue Code.

The School presently maintains a charter with the Franklin County District School Board (the Sponsor) to provide an educational program for elementary and middle school students in grades pre-kindergarten through eight. The School receives a majority of its funding through the Sponsor based on a formula of student attendance, which is identical to that of other Franklin County public schools. The current charter is effective until June 30, 2029. At the end of the term of the charter, the Sponsor may choose not to renew the charter based on grounds specified in the charter. With just cause, the Sponsor is required to notify the School in writing, at least 90 days prior to the charter's expiration. During the term of the charter, the Sponsor may also terminate a charter if good cause is shown. The School is considered a component unit of the Franklin County District School Board.

Basis of Presentation

Although the School is a non-profit corporation, these financial statements are presented using the governmental reporting model. This treatment is required by generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), due to the nature of the School and the potential for unilateral dissolution by the Sponsor.

The School's basic financial statements consist of school-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

School-Wide Financial Statements

The statement of net position and the statement of activities display information about the School as a whole. These statements include the financial activities of the School.

The statement of net position presents the financial condition of the governmental activities of the School at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues not classified as program revenues are presented as general revenues of the School. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements
During the year, the School segregates transactions related to certain School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. There are no non-major funds.

Fund Accounting
The School uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

- **Governmental Funds—**Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School's governmental funds:

  - **General Fund—**The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. It is the primary operating fund of the School.
  - **Special Revenue Fund—**Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
  - **Capital Projects Fund—**Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities, certain facility maintenance expenses, and other permitted expenses.

Governmental Fund Balance Reporting
The GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB Statement No. 54 requires the fund balance amounts to be properly reported within one of the fund balance categories as follows:

- *Non-Spendable,* such as fund balance associated with inventories, prepaids, long-term loans, notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
- *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by 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 Directors (the School's highest level of decision-making authority).
- *Assigned* fund balances are intended to be used by the School for specific purposes but do not meet the criteria to be classified as restricted or committed.
- *Unassigned* fund balance is the residual classification for the School's General Fund and includes all spendable amounts not contained in the other classifications.

Measurement Focus

School-Wide Financial Statements
The school-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School are included on the statement of net assets.

Fund Financial Statements
All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from how the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the School-wide statements and the statements for governmental funds.

Basis of Accounting
Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. School-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues
On the accrual basis, revenue is recognized when earned. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For this purpose, the School considers revenues to be available if they are collected within ninety days of the end of the current fiscal year.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Revenue from grants, entitlements, and donations that have not satisfied all eligibility requirements are deferred.

Expenses/Expenditures
On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Cash and Cash Equivalents
The School considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents. Cash equivalents include money market accounts, as the School may deposit additional funds at any time and withdraw funds at any time without penalty.

Certificates of Deposit

The School owns certificates of deposit at a local financial institution and through a brokerage account as authorized by the Board of Directors. Maturities range from six months to five years. Certificates of deposit which are non-negotiable and have an original maturity of one year or less are carried at cost. Certificates of deposit that are negotiable are carried at fair value.

Capital Assets

General capital assets result from expenditures in the governmental fund. These assets are reported in the government-wide statement of net position but are not reported in the governmental fund financial statements.

Capital assets are defined by the School as assets with an initial individual cost of $1,000 or more and an estimated useful life exceeding one year. Capital assets are capitalized at historical cost or estimated historical cost and updated for additions and retirements during the year. Donated assets are recorded at fair value at the date of donation. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets except land and land improvements are depreciated. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Improvements Other Than Buildings	15-30 Years
Buildings and Fixed Equipment	15-50 Years
Furniture and Equipment	5 Years
Library Books	3-5 Years
Motor Vehicles	5-10 Years
Computer Software	5 Years

Accumulated Compensated Absences

The School's policy permits certain employees to accumulate earned but unused vacation leave and all employees to accumulate earned but unused sick leave. Unused vacation leave is payable upon separation from service in accordance with School policy. Unused sick leave is not payable upon separation from service but may be carried forward and used in future periods in accordance with School policy.

In accordance with GASB Statement No. 101, *Compensated Absences*, the School recognizes a liability for compensated absences that is attributable to services already rendered, accumulated, and are more likely than not to be used or otherwise settled. The liability is measured using pay rates in effect as of year-end and includes applicable salary-related payments. Management's estimate of the liability considered the School's leave policies and historical experience related to employee use of accumulated leave.

Payments for compensated absences are generally paid out of the General Fund.

State Revenue Sources

Revenues from state sources for current operations are received primarily from the Sponsor pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33 (17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the Sponsor. Under the provisions of Section 1011.62, Florida Statutes, the Sponsor reports the number of FTE students and related data to the Florida Department of Education (the Department) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect revised calculations by the

Department under the FEFP and the actual weighted FTE students reported by the School during the designated FTE student survey periods.

The School may receive federal, state, or private awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The School also receives state revenues under the Public Education Capital Outlay program.

A schedule of FEFP revenue from state sources for the current year is presented in a subsequent note.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncement

During the fiscal year, the School implemented GASB Statement No. 103, *Financial Reporting Model Improvements*. The Statement establishes or modifies requirements related to management's discussion and analysis, unusual or infrequent items, budgetary comparison information, and certain other financial statement presentation matters. Implementation of the Statement resulted in changes to the presentation and related disclosures of management's discussion and analysis and budgetary comparison information and had no effect on beginning net position or fund balance.

Note 2 - Capital Assets

Capital assets activity for the fiscal year ended June 30, 2026, is as follows:

	Balance June 30, 2025	Additions	Disposals and Transfers	Balance June 30, 2026
Non-Depreciable Capital Assets:				
Land	$ 331,400	$ -	$ -	$ 331,400
Land Improvements - Non-Depreciable	19,919	-	-	19,919
Construction in Progress	255,118	671,878	(926,996)	-
Total Non-Depreciable Capital Assets	606,437	671,878	(926,996)	351,319
Depreciable Capital Assets:				
Building and Improvements	3,073,208	1,020,836	-	4,094,044
Improvements Other Than Buildings	401,799	124,550	-	526,349
Motor Vehicles	231,369	-	-	231,369
Library Books	12,842	-	-	12,842
Furniture, Fixtures, and Equipment	1,034,252	65,929	-	1,100,181
Computer Software	17,720	-	-	17,720
Total Depreciable Capital Assets	4,771,190	1,211,315	-	5,982,505
Less Accumulated Depreciation and Amortization:				
Building and Improvements	(1,172,156)	(194,487)	-	(1,366,643)
Improvements Other Than Building	(135,505)	(24,819)	-	(160,324)
Motor Vehicles	(125,495)	(20,879)	-	(146,374)
Library Books	(12,842)	-	-	(12,842)
Furniture, Fixtures, and Equipment	(607,531)	(85,168)	-	(692,699)
Computer Software	(16,410)	(1,310)	-	(17,720)
Total Accumulated Depreciation and Amortization	(2,069,939)	(326,663)	-	(2,396,602)
Depreciable Capital Assets, Net of Accumulated Depreciation	2,701,251	884,652	-	3,585,903
Government Activities Capital Assets, Net	$ 3,307,688	$ 1,556,530	$ (926,996)	$ 3,937,222

Current year depreciation expense was included in unallocated depreciation expense in the statement of activities.

Note 3 - Interfund Borrowings/Transfers

The following is a summary of interfund transfers in the governmental fund financial statements:

	Interfund Transfers	
	Transfers In	Transfers Out
Funds		
Major Funds:		
General	$ 224,738	$ -
Capital Projects Fund	-	224,738
Total	$ 224,738	$ 224,738

The above interfund transfers from the Capital Projects Fund to the General Fund were to transfer excess funding to related to capital outlay expenditures.

The following is a summary of interfund borrowings in the governmental fund financial statements:

	Interfund Borrowings	
	Due from Other funds	Due to Other funds
Funds		
Major Funds:		
General	$ 167,977	$ -
Capital Projects Fund	-	97,053
Special Revenue Fund	-	70,924
Total	$ 167,977	$ 167,977

Interfund borrowings represent short-term loans from the General Fund.

Note 4 - Due from Other Agencies

Amounts due from other agencies at June 30, 2026, were as follows:

	General Fund	Capital Projects Fund	Special Revenue Fund	Total
Local Funding Receivable	$ 53,597	$ 80,213	$ -	$ 133,810
State Grants Receivable	-	16,840	-	16,840
Federal Grants Receivable	-	-	70,924	70,924
Other Receivables	555	-	-	555
Total Due from Other Agencies	$ 54,152	$ 97,053	$ 70,924	$ 222,129

Note 5 - Long-Term Obligations

The following is a summary of long-term obligations for the School for the year ended June 30, 2026:

- **Line of Credit—**The School has a business line of credit with a local bank in an amount up to $100,000, with a maturity date of December 6, 2026. Monthly payments of interest are required. Interest is calculated at an annual interest rate of 2.35%. Monthly principal payments prior to maturity are at the option of the School. In the promissory note agreement, the lender has the right to demand repayment prior to the scheduled maturity date. The line of credit is secured by a certificate of deposit.

  The School does not expect the bank to exercise its demand option under this financing agreement. However, should the bank demand early repayment, the line of credit will be fully paid by the certificate of deposit that collateralizes the line of credit. As of June 30, 2026, the School had no outstanding debt related to this Line of Credit.

- **Compensated Absences—**The liability for compensated absences represents the amount of vacation and sick time carried over that is expected to be used or paid in the future.

	Balance June 30, 2025	Net Additions and Retirements	Balance June 30, 2026	Due Within One Year
Compensated Absences	$ 101,103	$ 4,816	$ 105,919	$ 102,200
Total Long-Term Obligations	$ 101,103	$ 4,816	$ 105,919	$ 102,200

Note 6 - Schedule of State FEFP Revenue Sources

The following is a schedule of the School's state revenues for the 2025-2026 fiscal year:

Source	
FEFP	$ 1,863,587
ESE Guarantee	76,952
Educational Enrichment	67,892
Safe Schools Allocation	107,862
Mental Health Assistance Allocation	48,652
Discretionary Local Effort	880,141
Class Size Reduction	314,696
Student Transportation	40,958
Teachers Lead	6,000
Total	$ 3,406,740

Note 7 - Defined Contribution Plan

The School is a single employer that contributes to the Apalachicola Bay Charter School, Inc. 401(k) Profit-Sharing Plan (the Plan), which is a defined contribution plan. There are two components to the Plan. Each year the School determines the percentage, up to 5%, that it will contribute under each component of the Plan.

The 401(k) component of this Plan covers all eligible school employees. Eligible employees may elect to contribute up to 5% of gross salaries to the Plan. In the current fiscal year, the School matched up to 5% of the employee's salary. The employer's contribution vests over a two-year period.

The profit-sharing component of this Plan covers the School's full-time teachers and certain administrative positions. In the current fiscal year, the School contributed 5% of the eligible employee's salary to the Plan.

School contributions to the Plan for the fiscal years ended June 30, 2026, 2025, and 2024 were $175,064, $151,535, and $141,657, respectively.

Note 8 - Deposits and Investments

The School's investment policy allows the School to invest excess funds in Federal Deposit Insurance Corporation (FDIC) insured certificates of deposit and treasury securities. The School has deposits at various financial institutions and a brokered certificates of deposit account. The School's investment policy doesn't address its exposure to interest rate risk; however, the School invests in securities with varying maturities to mitigate this risk. Certain certificates are market linked with a target return of 5% and have long-term maturities. Management intends to hold all certificates to maturity.

The School maintains its cash deposits and certificates of deposit with financial institutions that are qualified public depositories as defined by Chapter 280, Florida Statutes. Public deposits are insured by federal depository insurance or collateralized pursuant to the Florida Security for Public Deposits Act. Additional deposits and investments not insured by a qualified public depository are at or below the $250,000 threshold. Therefore, substantially all cash deposits are protected from loss and not exposed to custodial credit risk. As of June 30, 2026, the School held $114,411 in a money market mutual fund that is not insured by the FDIC. The fund is held through the School's brokerage account and is reported as a cash equivalent. The following is a summary of maturities of the School's investments at June 30, 2026:

		Investment Maturity	
	Carrying Amount	0 to 1 Year	1-5 Years
Certificates of Deposit	$ 2,308,848	$ 1,807,991	$ 500,857
Total	$ 2,308,848	$ 1,807,991	$ 500,857

Fair Value Measurements

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

- **Level 1 Inputs**—are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- **Level 2 Inputs**—are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

- **Level 3 Inputs**—are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value in the hierarchy described above. The fair value measurements for the School's investments are as follows at June 30, 2026:

		Fair Value Measurements Using		
Investments	**Amount**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Certificates of Deposit (at Cost)	$ 106,750	N/A	N/A	N/A
Certificates of Deposit (at Fair Value)	2,202,098	-	$ 2,202,098	-
Total Investments	$ 2,308,848	$ -	$ 2,202,098	$ -

Note 9 - Significant Funding Sources

A substantial amount of the School's funding is received from state and federal sources. The state transmits this funding to the Sponsor, which then remits it to the School. The School also is sharing in its Sponsor's Capital Outlay tax levy and is using its share to help pay for the Chapman School renovations. A significant reduction in the level of any of this funding, if this were to occur, could have an adverse effect on the School's programs and activities.

Note 10 - Risk Management

The School is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The School has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage is consistent with previous years. The School does not sponsor a public entity risk pool. There have been no insurance settlements in the past three fiscal years.

Note 11 - Related Parties

The School is considered a component unit of the Sponsor.

In May 2009, the Sponsor sold the Chapman building and land underneath the building (Chapman) to the School. The warranty deed includes a reversion clause. In the event the School is dissolved, or the property is used for other than a classroom facility, Chapman would be deeded back to the Sponsor. The School is prohibited from mortgaging or encumbering the property without the written consent of the Sponsor.

In May 2009, the Sponsor initiated a land lease with the School for the 2.67 acres of vacant land surrounding Chapman. The term of the lease is for a period of fifty years, and the School has an option to renew the lease for an additional fifty years.

The cumulative rent for the entire term of the lease is $50. The School has determined the fair value of the land lease at $9,000 per year.

The Sponsor retains the right to cancel the lease and remove any property added by the School and reimburse the School for the fair market value of any permanent improvements made to the property.
Food services are provided to the School's students by the Sponsor daily at no cost. All students qualify for free meals under the *National School Lunch Act* program (NSLA). The Sponsor provides the food, equipment, and personnel to the School and collects any lunch monies related to the program from the NSLA.

Note 12 - Income Taxes

The School operates as a 501(c)(3) non-profit organization in good standing. The School annually files the required income tax Form 990 for non-profit entities. The School does not have any for-profit activities. In the opinion of management, the School is in compliance with all non-profit operating and reporting requirements under Section 501(c)(3).

REQUIRED SUPPLEMENTARY INFORMATION

APALACHICOLA BAY CHARTER SCHOOL, INC.
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget - Positive	Actual	Variance with Final Budget - Positive
	Original	Final	(Negative)	Amounts	(Negative)
Revenues					
Intergovernmental:					
Florida Education Finance Program	$ 3,428,115	$ 3,421,467	$ (6,648)	$ 3,406,740	$ (14,727)
Local	1,233,105	1,233,105	-	1,327,518	94,413
Investment Income	90,000	90,000	-	102,913	12,913
Total Revenues	4,751,220	4,744,572	(6,648)	4,837,171	92,599
Expenditures					
Current:					
Instruction and Instruction-Related Services	3,266,850	3,324,610	(57,760)	3,313,125	11,485
General Administration - Board	6,710	6,710	-	6,299	411
School Administration	588,680	588,680	-	568,225	20,455
Facilities and Acquisition and Construction	18,000	18,000	-	12,351	5,649
Fiscal Services	144,835	144,835	-	136,014	8,821
Pupil Transportation Services	91,460	107,785	(16,325)	93,948	13,837
Operation of Plant	390,200	423,700	(33,500)	393,796	29,904
Maintenance of Plant	25,000	25,000	-	25,789	(789)
Capital Outlay	103,000	80,500	22,500	99,500	(19,000)
(Total Expenditures)	(4,634,735)	(4,719,820)	(85,085)	(4,649,047)	70,773
Excess (Deficiency) of Revenues Over (Under) Expenditures	116,485	24,752	(91,733)	188,124	163,372
Other Financing Sources (Uses)					
Transfers In	-	-	-	224,738	224,738
Net Change in Fund Balances	116,485	24,752	(91,733)	412,862	388,110
Beginning Fund Balance	3,925,239	3,925,239	-	3,925,239	-
Ending Fund Balance	$ 4,041,724	$ 3,949,991	$ (91,733)	$ 4,338,101	$ 388,110

APALACHICOLA BAY CHARTER SCHOOL, INC.
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget - Positive	Actual	Variance with Final Budget - Positive
	Original	Final	(Negative)	Amounts	(Negative)
Revenues					
Intergovernmental:					
Federal through State	$ 281,080	$ 281,080	$ -	$ 281,054	$ (26)
State	12,180	12,180	-	12,180	-
Total Revenues	293,260	293,260	-	293,234	(26)
Expenditures					
Current:					
Instruction and Instruction-Related Services	281,080	281,080	-	281,054	26
Capital Outlay	12,180	12,180	-	12,180	-
(Total Expenditures)	(293,260)	(293,260)	-	(293,234)	26
Net Change in Fund Balances	-	-	-	-	-
Beginning Fund Balance	-	-	-	-	-
Ending Fund Balance	$ -	$ -	$ -	$ -	$ -

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1 - Budgetary Basis of Accounting

Apalachicola Bay Charter School, Inc. (the School) is required by the contract with the Sponsor to adopt annual budgets for the General Fund, Special Revenue Fund, and Capital Projects Fund. Each budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is the fund level. Budgets may be amended by the School's Board of Directors. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the required supplemental information represents both the original budget and final authorized amounts. Unused appropriations for all annually budgeted funds lapse at the end of the year.

The School adopts an annual budget for its General Fund that excludes internal accounts. The actual amounts presented in the budgetary comparison schedule are reported on the same basis and reporting perspective as the legally adopted budget and, therefore, exclude internal account activity. For financial reporting purposes in accordance with accounting principles generally accepted in the United States of America, the activities of internal accounts are included in the General Fund. Consequently, the actual amounts presented in the budgetary comparison schedule differ from the amounts presented in the General Fund financial statements by the amount of internal account activity. Internal account expenditures included in the General Fund but excluded from the budgetary comparison schedule total $161,760. Internal account revenues included in the General Fund but excluded from the budgetary comparison schedule total $173,967. See reconciliation below:

Reconciliation of Budgetary Results to GAAP

Net Change in Fund Balance - Budgetary Basis	$ 412,862
Internal Account Revenue	173,967
Internal Account Expenditures	(161,760)
Net Change in Fund Balance - GAAP Basis	$ 425,069

In the Special Revenue Fund, the budgetary comparison schedule is presented using the same basis of accounting as the respective fund financial statements. Accordingly, the Special Revenue Fund's actual amounts presented in the budgetary comparison schedule agree with the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances.

Note 2 - Significant Budget Variances

Original Budget Compared with Final Budget

Total final budgeted expenditures for the General Fund differed from the original budget by ($85,085). This was due to increased salary costs, including retention bonuses, and higher costs associated with operating both school buses and the new STEM building.

There were no significant budgetary variances between original and final budget in the Special Revenue fund.

APALACHICOLA BAY CHARTER SCHOOL, INC.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Final Budget Compared with Actual Results

Total final budgeted expenditures for the General Fund differed from actual results by $70,773. The School's budgeting practice is to include reasonable spending capacity above anticipated operating expenditures to accommodate unforeseen costs and avoid exceeding legally authorized appropriations. The anticipated contingencies did not fully materialize during the year; therefore, a portion of the final expenditure appropriations remain unused.

Total final budgeted revenues for the General Fund differed from actual results by $92,599. The School received several late payments of property tax revenue after fiscal year-end after budgeting final revenue numbers.

ADDITIONAL INFORMATION

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
Apalachicola Bay Charter School, Inc.
Apalachicola, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing* Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Apalachicola Bay Charter School, Inc. (the School), a component unit of the Franklin County School Board, 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 8, 2026.

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

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

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

To the Board of Directors
Apalachicola Bay Charter School, Inc.
Apalachicola, Florida

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*

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, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance 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.

Purvis Gray

September 8, 2026
Tallahassee, Florida

MANAGEMENT LETTER

To the Board of Directors
Apalachicola Bay Charter School, Inc.
Apalachicola, Florida

Report on the Financial Statements
We have audited the financial statements of Apalachicola Bay Charter School, Inc. (the School), a component unit of Franklin County School Board, as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated September 8, 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 on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards.* Disclosures in that report, which is dated September 8, 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 recommendations made in the preceding annual financial audit report.

Official Title
Section 10.854(1)(e)5., *Rules of the Auditor General*, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Apalachicola Bay Charter School, Inc., and #9009.

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.

To the Board of Directors
Apalachicola Bay Charter School, Inc.
Apalachicola, Florida

MANAGEMENT LETTER

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 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 website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website 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 us to communicate non-compliance with provisions of contracts or grant agreements, or fraud, waste, or abuse that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but 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 the Franklin County District School Board, and is not intended to be and should not be used by anyone other than these specified parties.

Purvis Gray

September 8, 2026
Tallahassee, Florida

PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

purvisgray.com