

**CAPSTONE ACADEMY CHARTER SCHOOL
FORT MYERS**

FORT MYERS, FLORIDA
(A CHARTER SCHOOL UNDER FLORIDA CHARTER
SCHOOL ORGANIZATION III, INC. AND A
COMPONENT UNIT OF THE SCHOOL BOARD OF LEE
COUNTY, FLORIDA)

BASIC FINANCIAL STATEMENTS, INDEPENDENT
AUDITOR'S REPORT AND SUPPLEMENTAL
INFORMATION

FROM JUNE 30, 2025 (INCEPTION) TO JUNE 30, 2026

CAPSTONE ACADEMY CHARTER SCHOOL FORT MYERS
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
FROM JUNE 30, 2025 (INCEPTION) TO JUNE 30, 2026

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CAPSTONE ACADEMY CHARTER SCHOOL FORT MYERS
(A Charter School under Florida Charter School Organization III, Inc.)

18851 Oak Center Drive,
Fort Myers, FL 33967

2025-2026

BOARD OF DIRECTORS

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Mr. Jose Guillermo Cervantes, Member
Ms. Jennifer Gomez, Member
Ms. Karen Tresca, Member

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Mr. Charlie Smutko, Assistant Principal



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Capstone Academy Charter School Fort Myers
Fort Myers, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund information of Capstone Academy Charter School Fort Myers (the "School"), a charter school under Florida Charter School Organization III, Inc., as of June 30, 2026 and from June 30, 2025 (inception) to 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 information of Capstone Academy Charter School Fort Myers, as of June 30, 2026, and the respective changes in financial position for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and

comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2026 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Verdefin - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 20, 2026

Management's Discussion and Analysis
Capstone Academy Charter School Fort Myers
June 30, 2026

The corporate officers of Capstone Academy Charter School Fort Myers (the "School") have prepared this narrative overview and analysis of the School's financial activities for the period from June 30, 2025 (inception) through June 30, 2026, the School's first year of operations. See Note 1.

FINANCIAL HIGHLIGHTS

1. At year-end, the School had current assets of \$1,148,330.
2. At year-end, the School reported a total fund balance of \$851,890.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the period from June 30, 2025 (inception) through June 30, 2026 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 10-11 of this report.

Fund Financial Statements

A “fund” is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements. All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government’s requirements for near-term financing.

Prior to the start of the School’s fiscal year, the Board of the School adopts an annual budget for all of its governmental funds, if applicable. A budgetary comparison statement has been provided for the School’s governmental funds to demonstrate compliance with the School’s budget. The basic governmental fund financial statements can be found on pages 12-15 of this report.

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 16-23 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of the School’s financial position. A summary of the School’s net position as of June 30, 2026 follows:

Assets	2026
Cash and cash equivalents	\$ 247,861
Restricted cash	831,876
Due from other agencies	68,593
Depreciable capital assets, net of accumulated depreciation	19,969,777
Construction in progress	166,167
Total Assets	<u>\$ 21,284,274</u>
Liabilities and Net Position	
Accrued payroll	\$ 235,401
Accounts payable	61,039
Bonds payable, net of discount	22,918,054
Total Liabilities	<u>23,214,494</u>
Net investment in capital assets	(2,782,110)
Restricted for lunch program	47,451
Restricted for bond interest	92,400
Restricted for capital projects	21,142
Unrestricted	690,897
Total Net Position	<u>(1,930,220)</u>
Total Liabilities and Net Position	<u>\$ 21,284,274</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

At June 30, 2026, the School's total assets were \$21,284,274 and total liabilities were \$23,214,494. At June 30, 2026, the School reported a total negative balance in net position of \$1,930,220.

A summary and analysis of the School's revenues and expenses for the period from June 30, 2025 (inception) through June 30, 2026 as follows:

REVENUES	2026
Program Revenues	
Federal passed through state	\$ 78,226
State capital outlay funding	273,046
General Revenues	
State through local school district	3,651,214
Local and other revenue	568,809
Interest income	52,625
Total Revenues	<u>4,623,920</u>
 EXPENSES	
Instruction	2,299,156
Student and instructional support services	57,112
School board	1,425
General administration	60,302
School administration	371,969
Facilities and acquisition and construction	2,322
Fiscal services	414,262
Food services	150,681
Operation of plant	449,085
Maintenance of plant	8,394
Administrative technology services	43,358
Community services	47,803
Debt service	1,947,480
Depreciation expense	700,791
Total Expenses	<u>6,554,140</u>
 Change in Net Position	(1,930,220)
 Net Position at Inception	<u>-</u>
Net Position at End of Year	<u><u>\$ (1,930,220)</u></u>

The School's total revenues for the period from June 30, 2025 (inception) and June 30, 2026 were \$4,623,920 while its total expenses were \$6,554,140 for a net decrease of \$1,930,220. This was the School's first year of operations. The net decrease was primarily attributable to costs associated with opening and establishing the School, including expenditures for textbooks, furniture, computers, and other items necessary to commence operations. In addition, the School incurred debt service obligations during its initial year of operations, which further contributed to the decrease in net position.

ACCOMPLISHMENTS

The 2025–2026 school year marked the inaugural year of operation for Capstone Academy Charter School Fort Myers. During its first year, the school successfully established the academic, administrative, operational, and student-support systems necessary to provide a strong educational foundation for students and families. Capstone Academy successfully implemented its academic program and curriculum, established school-wide instructional and behavioral expectations, implemented required assessment and student progress-monitoring processes, and developed systems to identify and address students’ academic and individual needs. The school also focused on creating a positive and supportive school culture centered on academic achievement, character, responsibility, leadership, and respect, while providing opportunities for student enrichment and engagement. Throughout the year, Capstone Academy established procedures for enrollment, attendance, student records, employee records, safety and emergency preparedness, compliance, and family communication. The school also worked to build strong relationships with students, families, staff, and the surrounding community. As a first-year charter school, one of Capstone Academy’s greatest accomplishments was successfully launching and operating the school while simultaneously building the systems and infrastructure necessary for long-term success. The foundation established during the 2025–2026 school year has positioned Capstone Academy for continued academic growth, program development, and organizational improvement in the years ahead.

SCHOOL LOCATION

The School operates in the Fort Myers area located at 18851 Oak Center Drive, Fort Myers, FL 33967.

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Ms. Jennifer Carreno, Chief Operations Officer, at 18851 Oak Center Drive, Fort Myers, FL 33967.

CAPITAL IMPROVEMENT REQUIREMENT

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUND

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

The focus of the School’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

For the period from June 30, 2025 (inception) through June 30, 2026, the School’s governmental funds reported a positive net change in fund balance of \$851,890 and reported a combined fund balance at year-end of \$851,890.

CAPITAL ASSETS

The School's investment in capital assets as of June 30, 2026, amounts to \$20,135,944 (net of accumulated depreciation). This investment in capital assets includes building, improvements, furniture, fixtures and equipment.

GOVERNMENTAL FUND BUDGET ANALYSIS

Prior to the start of the School's fiscal year, the Board of the School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School's budget.

	All Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local school district	\$ 3,457,303	\$ 3,651,214	\$ 3,651,214
Federal passed through state	226,185	78,226	78,226
State capital outlay funding	525,948	273,046	273,046
Local and other revenue	30,750	568,809	568,809
Interest income	-	52,625	52,625
TOTAL REVENUES	4,240,186	4,623,920	4,623,920
EXPENDITURES			
Instruction	1,852,741	2,299,156	2,299,156
Student and instructional support services	70,945	57,112	57,112
School board	23,500	1,425	1,425
General administration	61,000	60,302	60,302
School administration	600,905	371,969	371,969
Facilities and acquisition and construction	525,948	20,839,057	20,839,057
Fiscal services	176,106	414,262	414,262
Food services	188,062	150,681	150,681
Operation of plant	363,247	449,085	449,085
Maintenance of plant	53,300	8,394	8,394
Administrative technology services	15,750	43,358	43,358
Community services	-	47,803	47,803
Debt service:			
Interest	99,052	1,903,776	1,903,776
TOTAL EXPENDITURES	4,030,556	26,646,380	26,646,380
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	209,630	(22,022,460)	(22,022,460)
OTHER FINANCING SOURCES			
Proceeds from bond issuance	-	23,560,000	23,560,000
Discount on bond issuance	-	(685,650)	(685,650)
TOTAL OTHER FINANCING SOURCES	-	22,874,350	22,874,350
NET CHANGE IN FUND BALANCE	\$ 209,630	\$ 851,890	\$ 851,890

CAPSTONE ACADEMY CHARTER SCHOOL FORT MYERS
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 247,861
Restricted cash	831,876
Due from other agencies	68,593
TOTAL CURRENT ASSETS	<u>1,148,330</u>
CAPITAL ASSETS, NET	
Depreciable capital assets, net of accumulated depreciation	19,969,777
Construction in progress	166,167
TOTAL CAPITAL ASSETS, NET	<u>20,135,944</u>
TOTAL ASSETS	<u><u>\$ 21,284,274</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accrued payroll	\$ 235,401
Accounts payable	61,039
TOTAL CURRENT LIABILITIES	<u>296,440</u>
Bonds payable, net of discount	22,918,054
TOTAL NON-CURRENT LIABILITIES	<u>22,918,054</u>
TOTAL LIABILITIES	<u>23,214,494</u>
NET POSITION	
Net investment in capital assets	(2,782,110)
Restricted for lunch program	47,451
Restricted for bond interest	92,400
Restricted for capital projects	21,142
Unrestricted	690,897
TOTAL NET POSITION	<u>(1,930,220)</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 21,284,274</u></u>

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

CAPSTONE ACADEMY CHARTER SCHOOL FORT MYERS
STATEMENT OF ACTIVITIES
FOR THE PERIOD FROM JUNE 30, 2025 (INCEPTION) TO JUNE 30, 2026

Functions	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 2,299,156	\$ -	\$ -	\$ -	\$ (2,299,156)
Student and instructional support services	57,112	-	-	-	(57,112)
School board	1,425	-	-	-	(1,425)
General administration	60,302	-	-	-	(60,302)
School administration	371,969	-	-	-	(371,969)
Facilities and acquisition and construction	2,322	-	-	273,046	270,724
Fiscal services	414,262	-	-	-	(414,262)
Food services	150,681	-	78,226	-	(72,455)
Operation of plant	449,085	-	-	-	(449,085)
Maintenance of plant	8,394	-	-	-	(8,394)
Administrative technology services	43,358	-	-	-	(43,358)
Community services	47,803	-	-	-	(47,803)
Debt service	1,947,480	-	-	-	(1,947,480)
Depreciation expense	700,791	-	-	-	(700,791)
Total Governmental Activities	\$ 6,554,140	\$ -	\$ 78,226	\$ 273,046	\$ (6,202,868)
GENERAL REVENUES:					
State through local school district					\$ 3,651,214
Local and other revenue					568,809
Interest income					52,625
Total general revenues					<u>4,272,648</u>
Change in Net Position					(1,930,220)
NET POSITION - INCEPTION					<u>-</u>
NET POSITION - ENDING					<u><u>\$ (1,930,220)</u></u>

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

CAPSTONE ACADEMY CHARTER SCHOOL FORT MYERS
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 247,861	\$ -	\$ -	\$ 247,861
Restricted cash	831,876	-	-	831,876
Due from other agencies	-	47,451	21,142	68,593
TOTAL ASSETS	<u>\$ 1,079,737</u>	<u>\$ 47,451</u>	<u>\$ 21,142</u>	<u>\$ 1,148,330</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accrued payroll	\$ 235,401	\$ -	\$ -	\$ 235,401
Accounts payable	61,039	-	-	61,039
TOTAL LIABILITIES	<u>296,440</u>	<u>-</u>	<u>-</u>	<u>296,440</u>
FUND BALANCE				
Restricted	92,400	47,451	21,142	160,993
Unassigned	690,897	-	-	690,897
TOTAL FUND BALANCE	<u>783,297</u>	<u>47,451</u>	<u>21,142</u>	<u>851,890</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,079,737</u>	<u>\$ 47,451</u>	<u>\$ 21,142</u>	<u>\$ 1,148,330</u>

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

CAPSTONE ACADEMY CHARTER SCHOOL FORT MYERS
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2026

Total Fund Balance - Governmental Funds	\$	851,890
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		20,135,944
Long term liabilities, which consist of bonds payable, are not due in the current period and accordingly, are not reported as fund liabilities.		<u>(22,918,054)</u>
Total Net Position - Governmental Activities	\$	<u><u>(1,930,220)</u></u>

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

CAPSTONE ACADEMY CHARTER SCHOOL FORT MYERS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE PERIOD FROM JUNE 30, 2025 (INCEPTION) TO JUNE 30, 2026

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
State passed through local school district	\$ 3,651,214	\$ -	\$ -	\$ -	\$ 3,651,214
Federal passed through state	-	78,226	-	-	78,226
State capital outlay funding	-	-	273,046	-	273,046
Local and other revenue	568,809	-	-	-	568,809
Interest income	52,625	-	-	-	52,625
TOTAL REVENUES	4,272,648	78,226	273,046	-	4,623,920
EXPENDITURES					
Instruction	2,299,156	-	-	-	2,299,156
Student and instructional support services	57,112	-	-	-	57,112
School board	1,425	-	-	-	1,425
General administration	60,302	-	-	-	60,302
School administration	371,969	-	-	-	371,969
Facilities and acquisition and construction	-	-	20,839,057	-	20,839,057
Fiscal services	414,262	-	-	-	414,262
Food services	-	150,681	-	-	150,681
Operation of plant	449,085	-	-	-	449,085
Maintenance of plant	8,394	-	-	-	8,394
Administrative technology services	43,358	-	-	-	43,358
Community services	47,803	-	-	-	47,803
Debt service:					
Interest	-	-	-	1,903,776	1,903,776
TOTAL EXPENDITURES	3,752,866	150,681	20,839,057	1,903,776	26,646,380
Excess (deficiency) of revenues over expenditures	519,782	(72,455)	(20,566,011)	(1,903,776)	(22,022,460)
OTHER FINANCING SOURCES					
Proceeds from bond issuance	-	-	-	23,560,000	23,560,000
Discount on bond issuance	-	-	-	(685,650)	(685,650)
Total other financing sources	-	-	-	22,874,350	22,874,350
Transfers	263,515	119,906	20,587,153	(20,970,574)	-
NET CHANGE IN FUND BALANCE	783,297	47,451	21,142	-	851,890
Fund balance at inception	-	-	-	-	-
Fund balance at end of year	<u>\$ 783,297</u>	<u>\$ 47,451</u>	<u>\$ 21,142</u>	<u>\$ -</u>	<u>\$ 851,890</u>

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

CAPSTONE ACADEMY CHARTER SCHOOL FORT MYERS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2026

Change in Fund Balance - Governmental Funds	\$ 851,890
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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 as depreciation expense.

Capital outlay	20,836,735
Depreciation expense	(700,791)

Proceeds from issuance of bonds payable are reported as an other financing source in the governmental funds. However, in the statement of net position, the amount of funds borrowed is reported as an increase in bonds and notes payable.

Proceeds from bond payable	(23,560,000)
Discount on bond payable	685,650
Amortization of bond discount	(43,704)

Change in Net Position of Governmental Activities	<u>\$ (1,930,220)</u>
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The accompanying notes are an integral part of this financial statement.

CAPSTONE ACADEMY CHARTER SCHOOL FORT MYERS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE PERIOD FROM JUNE 30, 2025 (INCEPTION) TO JUNE 30, 2026

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Capstone Academy Charter School Fort Myers (the “School”) is a charter school sponsored by the School Board of Lee County, Florida (the “District”) and is a component unit of the District. The School’s charter is held by Florida Charter School Organization III, Inc. (“FCSO III”), a Florida not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The School is governed by a Board of Directors composed of four members.

The charter was originally entered into between the District and Athenian Academy, Inc. (“Athenian”) for the operation of Athenian Academy Charter School for a ten-year term beginning July 1, 2023 and ending June 30, 2033. On June 30, 2025, in anticipation of the assignment of the charter, FCSO III and its wholly owned property-holding entity entered into transactions related to the acquisition, financing and lease of the educational facilities to be used by the School. These transactions were entered into by FCSO III and its property-holding entity and were separate from the subsequent assignment of the charter by Athenian, which became effective on July 1, 2025.

Effective July 1, 2025, pursuant to an Assignment and Amendment to Florida Standard Charter Renewal Contract (the “Assignment”), Athenian assigned its rights, title and interest in the charter agreement to FCSO III, with the consent of the District. In connection with the Assignment, the School was renamed Capstone Academy Charter School Fort Myers, and FCSO III assumed the rights and obligations of the charter holder arising on and after July 1, 2025. Obligations of Athenian arising prior to the effective date of the Assignment were not transferred to, and did not become obligations of, FCSO III.

FCSO III is the sole member of Capstone Property Holdings Fort Myers, LLC (the “Property LLC”), the property-holding entity referenced above. The Property LLC was established to acquire, own and finance the educational facilities used by the School. The Property LLC owns the School’s facilities located in Fort Myers, Florida and leases the facilities to FCSO III for use in the operation of the School. Accordingly, the Property LLC is included as part of the School’s reporting entity for financial reporting purposes.

These financial statements include the financial position and activities attributable to FCSO III and the Property LLC in connection with the School from inception through June 30, 2026. For purposes of these financial statements, inception represents June 30, 2025, when FCSO III and the Property LLC entered into the facility acquisition, financing and lease transactions described above. The operating activities of the School under FCSO III commenced on July 1, 2025, upon the effective date of the Assignment. Accordingly, the financial statements do not include the operating activities or obligations of Athenian arising prior to July 1, 2025.

During the 2025-2026 school year, the School served 390 students in grades kindergarten through 8th grade.

CAPSTONE ACADEMY CHARTER SCHOOL FORT MYERS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE PERIOD FROM JUNE 30, 2025 (INCEPTION) TO JUNE 30, 2026

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants (“AICPA”) Audit and Accounting Guide – State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes under standards set by the Governmental Accounting Standards Board (“GASB”).

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. The School reports the following major governmental funds:

General Fund – is the School’s primary operating fund. The General Fund accounts for all financial resources not accounted for and reported in another fund.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects.

Capital Projects Fund – used to account for state and local capital outlay as authorized by Section 1013.62, Florida Statutes, mainly for capital outlay including construction or lease of school facilities, capital equipment and additions to existing schools.

Debt Service Fund – accounts for the resources accumulated and payments made for principal and interest on long-term debt of the School.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant GASB *Codification of Accounting and Financial Reporting Guidelines*.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to GASB Codification Section 1600.111 and Section N50 “*Accounting and Financial Reporting for Non-Exchange Transactions*.” On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

CAPSTONE ACADEMY CHARTER SCHOOL FORT MYERS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE PERIOD FROM JUNE 30, 2025 (INCEPTION) TO JUNE 30, 2026

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgetary Basis of Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g. instructional, pupil personnel services and school administration). Any revisions to the annual budget are approved by the Board.

Cash and Cash Equivalents

The School’s cash is considered to be cash on hand and demand deposits, with original maturities of three months or less.

Capital Assets and Depreciation

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$1,000 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

	Estimated Useful Lives (years)
Buildings	30
Leasehold improvements	15
Furniture, fixtures, and equipment	3 - 5

Compensated Absences

The School grants a specific number of days for sick/personal leave. Full-time office and administrative employees are eligible for up to ten days of active work during the ten-month period (a “benefit year”). Teachers are eligible for up to seven days of active work during the benefit year. In the event that available time is not used by the end of the benefit year, employees may not “rollover” all unused days for use in future benefit years.

CAPSTONE ACADEMY CHARTER SCHOOL FORT MYERS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE PERIOD FROM JUNE 30, 2025 (INCEPTION) TO JUNE 30, 2026

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (Continued)

Pursuant to recently issued Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, only leave that accumulates should be recognized as a liability for leave that has not been used because if it does not accumulate, a government would not have an obligation for it at the date of the financial statements. For organizations with use-it-or-lose it policies, for which any unused leave is forfeited at the end of the fiscal year, there is no obligation to provide time off or payment or settlement in a future period. Accordingly, no liability for compensated absences is reported in these financial statements. See Adopted Accounting Pronouncements.

Government-wide Fund Net Position

Government-wide fund net position is divided into three components:

- Net investment in capital assets– consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets at June 30, 2026 was a negative balance in net position of \$2,782,110.
- Restricted net position – consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. Restricted net position at June 30, 2026 was \$160,993 for bond interest, lunch program and capital projects.
- Unrestricted – all other net position is reported in this category.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2026, there is no non-spendable fund balance.
- 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. At June 30, 2026, restricted fund balance was \$160,993 for bond interest, lunch program and capital projects.
- 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. At June 30, 2026, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2026, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications. At June 30, 2026, unassigned fund balance was \$690,897.

CAPSTONE ACADEMY CHARTER SCHOOL FORT MYERS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE PERIOD FROM JUNE 30, 2025 (INCEPTION) TO JUNE 30, 2026

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Order of Fund Balance Spending Policy

The School considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, or unassigned amounts are considered to have been spent when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The School has a revenue spending policy that provides guidance for programs with multiple revenue sources. The finance officer will use resources in the following hierarchy: debt proceeds, federal funds, state funds, local non-city funds, city funds, and funds passed through the District. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The finance officer has the authority to deviate from this policy if it is in the best interest of the School.

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Lee County (the “School Board”) pursuant to the funding provisions included in the School’s charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

The School may also receive federal grant awards and State financial assistance for the enhancement of various educational programs. Federal awards and State financial assistance are generally received based on an application submitted to and approved by various granting agencies. For federal awards and state financial assistance 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. This activity is recorded in the Special Revenue Fund and Capital Projects Fund. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Income Taxes

Florida Charter School Organization III, Inc. believes it qualifies as a tax exempt organization under the Internal Revenue Code Section 501(c)(3), and, therefore, operates as an organization exempt from tax. The School, however, is working with IRS to resolve a matter related to the tax exempt status. The School’s tax exempt position is subject to resolution of this matter. No uncertain tax positions have been made requiring disclosure in the related notes to the financial statements. The School’s income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

CAPSTONE ACADEMY CHARTER SCHOOL FORT MYERS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE PERIOD FROM JUNE 30, 2025 (INCEPTION) TO JUNE 30, 2026

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements* – During fiscal year 2026, the School implemented GASB Statement No. 103, which establishes revised requirements for management’s discussion and analysis, budgetary comparison information, and certain financial statement presentation matters. The implementation of this Statement did not affect amounts reported in the School’s financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – During fiscal year 2026, the School implemented GASB Statement No. 104, which requires separate disclosure of certain types of capital assets and establishes disclosure requirements for capital assets held for sale. The implementation of this Statement did not affect amounts reported in the School’s financial statements.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through August 20, 2026, which is the date the financial statements were available to be issued.

NOTE 3 – CASH DEPOSITS

It is the School’s policy to maintain its cash and cash equivalents in one financial institution. Deposits at FDIC-insured financial institutions are insured up to \$250,000 per depositor, per financial institution. As of June 30, 2026, the School’s bank balances exceed the FDIC limit by approximately \$580,000.

NOTE 4 – DUE FROM OTHER AGENCIES

At June 30, 2026, the remaining balance of due from government agencies is comprised largely of amounts due from the National School Lunch Program and capital outlay.

NOTE 5 – CAPITAL ASSETS

Capital assets, net, at June 30, 2026 consisted of the following:

	Balance			Balance	
	June 30, 2025	Additions	Disposals	June 30, 2026	
Capital Assets					
Building	\$ -	\$ 20,591,975	\$ -	\$ 20,591,975	
Leasehold improvements	-	9,500	-	9,500	
Furniture, fixtures, and equipment	-	69,093	-	69,093	
Total capital assets	-	20,670,568	-	20,670,568	
Less: accumulated depreciation					
Building	-	(687,354)	-	(687,354)	
Leasehold improvements	-	(1,346)	-	(1,346)	
Furniture, fixtures, and equipment	-	(12,091)	-	(12,091)	
Total accumulated depreciation	-	(700,791)	-	(700,791)	
Construction in progress	-	166,167	-	166,167	
Capital Assets, net	\$ -	\$ 20,135,944	\$ -	\$ 20,135,944	

During the year, the School purchased the property at 18851 Oak Center Drive, Fort Myers, FL 33967. The capitalized cost of the building and related acquisition costs totaled approximately \$20.6 million and was financed primarily with bond proceeds. See Note 8.

For the period from June 30, 2025 (inception) through June 30, 2026, depreciation expense was \$700,791.

CAPSTONE ACADEMY CHARTER SCHOOL FORT MYERS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE PERIOD FROM JUNE 30, 2025 (INCEPTION) TO JUNE 30, 2026

NOTE 6 – MANAGEMENT AGREEMENT

The School entered into a management agreement with Charter School Partners, LLC to provide management and administrative duties required to operate the School, including, but not limited to financial management and reporting services, regulatory compliance, governance coordination and corporate records maintenance, and School operations services and support as required by the Board of Directors. The agreement is valid through the term of the School’s charter and is subject to renewal by mutual agreement. The agreement calls for an annual management fee of 12% of FEFP revenues. For the period from June 30, 2025 (inception) through June 30, 2026, the School paid fees related to this agreement totaling approximately \$390,000. At June 30, 2026, \$48,284 was due to Charter School Partners, LLC. This amount is included within accounts payable as of June 30, 2026.

NOTE 7 – RELATED PARTY TRANSACTIONS

The School entered into a management agreement with Charter School Partners, LLC, which employs an individual who is also employed by the School as its Curriculum Specialist. See Note 6.

NOTE 8 – BONDS PAYABLE

In June 2025, the Capital Trust Authority (the “Issuer”) issued Educational Facilities Lease Revenue Bonds (Capstone Academy Charter School Fort Myers Project), consisting of \$22,855,000 Series 2025A Tax-Exempt Bonds (the “Series 2025A Bonds”) and \$705,000 Series 2025B Taxable Bonds (the “Series 2025B Bonds” and, collectively, the “Series 2025 Bonds”), for an aggregate principal amount of \$23,560,000. The Series 2025 Bonds were dated and delivered on June 30, 2025.

The Series 2025A Bonds bear interest at 8.00% and the Series 2025B Bonds bear interest at 12.00%. Both series mature on June 30, 2035. Interest payments commenced on September 15, 2025.

The proceeds of the Series 2025 Bonds were used primarily to finance the acquisition and improvements of the School’s educational facilities, fund capitalized interest, and pay costs of issuance.

The Series 2025 Bonds are secured by a mortgage and security interest in the related real property and improvements. In connection with the financing, Capstone Property Holdings Fort Myers, LLC (the “Property LLC”), whose sole member is FCSO III, entered into a Lease and Security Agreement with FCSO III for the use of the educational facilities.

The Series 2025A Bonds were issued at an original issue discount of \$685,650. The bond discount is amortized over the term of the bonds using the effective interest method. Amortization of the bond discount for the period from June 30, 2025 (inception) through June 30, 2026 was \$43,704. Total principal owed on bonds payable at June 30, 2026 was \$23,560,000. At June 30, 2026, the unamortized bond discount was \$641,946 and is presented as a reduction of bond payable.

CAPSTONE ACADEMY CHARTER SCHOOL FORT MYERS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE PERIOD FROM JUNE 30, 2025 (INCEPTION) TO JUNE 30, 2026

NOTE 8 – BONDS PAYABLE (Continued)

<u>Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ -	\$ 1,913,000	\$ 1,913,000
2028	-	1,913,000	1,913,000
2029	-	1,913,000	1,913,000
2030	-	1,913,000	1,913,000
2031	-	1,913,000	1,913,000
Thereafter	23,560,000	7,731,708	31,291,708
Total	<u>\$ 23,560,000</u>	<u>\$ 17,296,708</u>	<u>\$ 40,856,708</u>

At June 30, 2026 and for the period from inception through June 30, 2026, the School was not in compliance with all covenants, including financial covenants, related to the bonds payable.

NOTE 9 – GRANTS

In the normal course of operations, the School receives grant funds from various federal, state, and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements.

NOTE 10 – INTERFUND TRANSFERS

During the period from June 30, 2025 (inception) through June 30, 2026, the Debt Service Fund transferred \$20,970,574 to the General, Special Revenue and Capital Projects Funds in the amounts of \$263,515, \$119,906 and \$20,587,153, respectively.

NOTE 11 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. In addition, there were no reductions in insurance coverage from those in the prior year. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

REQUIRED SUPPLEMENTARY INFORMATION

CAPSTONE ACADEMY CHARTER SCHOOL FORT MYERS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL – GENERAL FUND
FOR THE PERIOD FROM JUNE 30, 2025 (INCEPTION) TO JUNE 30, 2026

	General Fund				
	Original Budget	Final Budget	Actual	Final to Original Budget Variance	Actual to Final Budget Variance
REVENUES					
State passed through local school district	\$ 3,457,303	\$ 3,651,214	\$ 3,651,214	\$ 193,911	\$ -
Local and other revenue	30,750	568,809	568,809	538,059	-
Interest income	-	52,625	52,625	52,625	-
TOTAL REVENUES	<u>3,488,053</u>	<u>4,272,648</u>	<u>4,272,648</u>	<u>784,595</u>	<u>-</u>
EXPENDITURES					
Instruction	1,631,722	2,299,156	2,299,156	667,434	-
Student and instructional support services	70,945	57,112	57,112	(13,833)	-
School board	23,500	1,425	1,425	(22,075)	-
General administration	61,000	60,302	60,302	(698)	-
School administration	600,905	371,969	371,969	(228,936)	-
Fiscal services	176,106	414,262	414,262	238,156	-
Operation of plant	363,247	449,085	449,085	85,838	-
Maintenance of plant	53,300	8,394	8,394	(44,906)	-
Administrative technology services	15,750	43,358	43,358	27,608	-
Community services	-	47,803	47,803	47,803	-
TOTAL EXPENDITURES	<u>2,996,475</u>	<u>3,752,866</u>	<u>3,752,866</u>	<u>756,391</u>	<u>-</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>491,578</u>	<u>519,782</u>	<u>519,782</u>	<u>28,204</u>	<u>-</u>
Transfers	(182,896)	263,515	263,515	446,411	-
NET CHANGE IN FUND BALANCE	<u>\$ 308,682</u>	<u>\$ 783,297</u>	<u>\$ 783,297</u>	<u>\$ 474,615</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

CAPSTONE ACADEMY CHARTER SCHOOL FORT MYERS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL – SPECIAL REVENUE FUND
FOR THE PERIOD FROM JUNE 30, 2025 (INCEPTION) TO JUNE 30, 2026

	Special Revenue Fund				
	Original Budget	Final Budget	Actual	Final to Original Budget Variance	Actual to Final Budget Variance
REVENUES					
Federal passed through state	\$ 226,185	\$ 78,226	\$ 78,226	\$ (147,959)	\$ -
TOTAL REVENUES	<u>226,185</u>	<u>78,226</u>	<u>78,226</u>	<u>(147,959)</u>	<u>-</u>
EXPENDITURES					
Instruction	221,019	-	-	(221,019)	-
Food services	188,062	150,681	150,681	(37,381)	-
TOTAL EXPENDITURES	<u>409,081</u>	<u>150,681</u>	<u>150,681</u>	<u>(258,400)</u>	<u>-</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(182,896)</u>	<u>(72,455)</u>	<u>(72,455)</u>	<u>110,441</u>	<u>-</u>
Transfers	182,896	119,906	119,906	(62,990)	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 47,451</u>	<u>\$ 47,451</u>	<u>\$ 47,451</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

CAPSTONE ACADEMY CHARTER SCHOOL FORT MYERS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL – CAPITAL PROJECTS FUND
FOR THE PERIOD FROM JUNE 30, 2025 (INCEPTION) TO JUNE 30, 2026

	Capital Projects Fund				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Original Budget Variance</u>	<u>Actual to Final Budget Variance</u>
REVENUES					
State capital outlay funding	\$ 525,948	\$ 273,046	\$ 273,046	\$ (252,902)	\$ -
TOTAL REVENUES	<u>525,948</u>	<u>273,046</u>	<u>273,046</u>	<u>(252,902)</u>	<u>-</u>
EXPENDITURES					
Facilities and acquisition and construction	525,948	20,839,057	20,839,057	20,313,109	-
TOTAL EXPENDITURES	<u>525,948</u>	<u>20,839,057</u>	<u>20,839,057</u>	<u>20,313,109</u>	<u>-</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>-</u>	<u>(20,566,011)</u>	<u>(20,566,011)</u>	<u>(20,566,011)</u>	<u>-</u>
Transfers	-	20,587,153	20,587,153	20,587,153	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 21,142</u>	<u>\$ 21,142</u>	<u>\$ 21,142</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

CAPSTONE ACADEMY CHARTER SCHOOL FORT MYERS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL – DEBT SERVICE FUND
FOR THE PERIOD FROM JUNE 30, 2025 (INCEPTION) TO JUNE 30, 2026

	Debt Service Fund				
	Original Budget	Final Budget	Actual	Final to Original Budget Variance	Actual to Final Budget Variance
EXPENDITURES					
Interest	\$ -	\$ 1,903,776	\$ 1,903,776	\$ 1,903,776	\$ -
TOTAL EXPENDITURES	-	1,903,776	1,903,776	1,903,776	-
OTHER FINANCING SOURCES					
Proceeds from bond issuance	23,560,000	23,560,000	23,560,000	-	-
Discount on bond issuance	(685,650)	(685,650)	(685,650)	-	-
Total other financing sources	22,874,350	22,874,350	22,874,350	-	-
Transfers	-	(20,970,574)	(20,970,574)	(20,970,574)	-
NET CHANGE IN FUND BALANCE	\$ 22,874,350	\$ -	\$ -	\$ (22,874,350)	\$ -

See accompanying note to the required supplemental information.

CAPSTONE ACADEMY CHARTER SCHOOL FORT MYERS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE PERIOD FROM JUNE 30, 2025 (INCEPTION) TO JUNE 30, 2026

NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the period ended June 30, 2026, has been prepared according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general, special revenue, capital projects and debt service funds for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).

Significant Budgetary Variances

General Fund

Local and other revenues were higher than originally budgeted due to greater-than-anticipated participation in aftercare and other after-school activities. Interest income was also higher than originally budgeted because the amount of interest income was uncertain when the original budget was prepared. Instructional expenditures were higher than originally budgeted due to higher-than-anticipated health insurance and textbook costs. Administrative support expenditures were lower than originally budgeted because the School elected to hire fewer administrative support staff after considering the higher instructional costs. Fiscal services expenditures were higher than originally budgeted because the original budget assumed the School would not incur management service fees; however, capitalized interest from the bond provided funding for these services. Maintenance expenditures were lower than originally budgeted because costs associated with the new school were overestimated. Community service expenditures were higher than originally budgeted due to student participation in aftercare.

Special Revenue Fund

Federal revenues were lower than originally budgeted because the School did not qualify for the projected federal funding.

Capital Projects Fund

The original budget was prepared when there was uncertainty as to whether construction of the School building would be completed during the fiscal year. The building was completed during fiscal year 2026, and the related activity is reflected in the fiscal year 2026 financial statements.



Verdeja • Alvarez

Certified Public Accountants & Advisors



Octavio F. Verdeja, Founder - 1971

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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*

Board of Directors of
Capstone Academy Charter School Fort Myers
Fort Myers, 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 information of Capstone Academy Charter School Fort Myers (the "School") as of and for the period of June 30, 2025 (inception) to June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 20, 2026.

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 the School's internal control.

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

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

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.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 20, 2026



MANAGEMENT LETTER

Board of Directors of
Capstone Academy Charter School Fort Myers
Fort Myers, Florida

Report on the Financial Statements

We have audited the financial statements of Capstone Academy Charter School Fort Myers (the "School"), a non-major component unit of the District School Board of Lee County, Florida, as of and for the period of June 30, 2025 (inception) to June 30, 2026, and have issued our report thereon dated August 20, 2026.

Auditor's Responsibility

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; 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, which is dated August 20, 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. As this is the School's first annual financial audit, there were no prior-year findings and recommendations requiring follow-up.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that 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 Capstone Academy Charter School Fort Myers and #4305.

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 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. The financial condition assessment procedures applied in connection with our audit have led us to believe that the School's overall financial condition as of June 30, 2026 is not deteriorating.

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 have no 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 us to communicate 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, Federal and other granting agencies, the Board of Directors, applicable management, and the School Board of Lee County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 20, 2026