Cherry Lake Preparatory Academy

A Department of Florida Charter
Educational Foundation, Inc.
(A Component Unit of the School
District of Lake County, Florida)

Basic Financial Statements
For the Year Ended June 30, 2026

Cherry Lake Preparatory Academy

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cherry Lake Preparatory Academy
Groveland, 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 Cherry Lake Preparatory Academy (the "School"), a Department of Florida Charter Educational Foundation, Inc. and a component unit of the School District of Lake County, Florida, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements 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 ("GAAS") 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

As discussed in Note 1, the financial statements of the School are intended to present the financial position and changes in financial position of only that portion of the governmental activities and each major fund of Florida Charter Educational Foundation, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Florida Charter Educational Foundation, Inc. as of June 30, 2026 or its changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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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.

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 GAAS 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 GAAS and *Government Auditing Standards*, we:

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

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.

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and the budgetary comparison information on pages 26 through 29 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 GAAS, 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 October 1, 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.

Citrin Cooperman & Company, LLP

Fort Lauderdale, Florida
October 1, 2026

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Cherry Lake Preparatory Academy (the "School"), a Department of Florida Charter Educational Foundation, Inc. and a component unit of the School District of Lake County, Florida, we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2026.

Management's discussion and analysis is included at the beginning of the School's financial statements to provide, in layman's terms, the past and current position of the School's financial condition. This summary should not be taken as a replacement for the audit which consists of the financial statements.

Financial Highlights

Our financial statements provide these insights into the results of this year's operations. Because fiscal year 2026 was the School's first year of operations, there are no comparable prior-year operating results.

- As of June 30, 2026, the School's fund balances were $ 313,985.
- As of June 30, 2026, the School had net position (deficit) of $ (1,986,216).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's financial statements. The School's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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 (deficit) presents information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the components reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and services rendered but unpaid).

The government-wide financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Overview of the Financial Statements (continued)

Fund 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The General Fund, Grants Fund, Capital Projects Fund and Club and Activities Fund are considered to be the School's major funds.

The School adopts an annual budget for its governmental funds except for the Capital Projects Fund and the Club and Activities Fund. A budgetary comparison schedule has been provided for the General Fund and Grants Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 11 through 14 of this report.

Notes to Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 15 through 25 of this report.

Financial Summary and Detailed Analysis

Government-Wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of financial position. In the case of the School, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $ 1,986,216 at the close of the most recent fiscal year.

Government-Wide Financial Analysis (continued)

Cherry Lake Preparatory Academy
Net Position (Deficit)

	June 30, 2026
Assets:	
Current and other assets	$ 900,633
Capital assets, net	18,216,661
Total assets	19,117,294
Liabilities:	
Other liabilities	763,797
Long-term liabilities	20,339,713
Total liabilities	21,103,510
Net Position (Deficit):	
Net investment in capital assets	(425,048)
Restricted	5,941
Unrestricted	(1,567,109)
Total net position (deficit)	$ (1,986,216)

The School ended the year with total assets of $ 19,117,294 which includes $ 18,216,661 in capital assets, net of depreciation and amortization. Approximately $ 17,146,062 of the capital assets net total consists of a leased facility. Total liabilities as of June 30, 2026 are $ 21,103,510 which consists mainly of debt associated with the facility lease and three notes payable.

Governmental Activities: The results of this year's operations for the School as a whole are reported in the statement of activities on page 10. The following table provides a condensed presentation of the School's revenues and expenses for the year ended June 30, 2026:

Cherry Lake Preparatory Academy
Change in Net Position (Deficit)

	June 30, 2026
Revenues:	
Program revenues:	
Charges for services	$ 224,677
Operating grants and contributions	1,106,894
Capital grants and contributions	507,175
General revenues:	
FEFP and other nonspecific revenues	4,012,162
Contributions	170,000
Total revenues	6,020,908

Government-Wide Financial Analysis (continued)

Cherry Lake Preparatory Academy
Change in Net Position (Deficit)
(continued)

		June 30, 2026
Functions/Program Expenses:		
Instruction	$	2,417,919
Student support services		189,686
Instructional staff training services		62,893
Instruction-related technology		333,626
Board services		182,407
General administration		8,496
School administration		1,041,552
Fiscal services		3,720
Food services		191,900
Central services		208,196
Operation of plant		1,078,247
Maintenance of plant		189,872
Administrative technology services		14,932
Community services		315,088
Extracurricular activities		141,927
Interest on long-term debt		1,626,663
Total		8,007,124
Change in net position (deficit)		(1,986,216)
Net position (deficit)-beginning		-
Net position (deficit)-ending	$	(1,986,216)

Total revenues of $ 6,020,908 consisted primarily of per-pupil funding which is found in the FEFP and other nonspecific revenues line. The School also received NSLP and CSP federal grant revenues, state and local capital outlay allocations, and charges for food and aftercare services. Expenses totaled $ 8,007,124 for the year, including interest on long-term debt of $ 1,626,663, causing an overall decline in net position (deficit).

Financial Analysis of Governmental Funds

The General Fund is the chief operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the General Fund was $ 13,173, while total fund balance is $ 308,044. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 0.05% of total General Fund expenditures, while total fund balance represents 1.25% of that same amount.

Financial Analysis of Governmental Funds (continued)

The fund balance of the School's General Fund increased by $ 308,044 during the current fiscal year. The increase was mainly due to current year contributions from the management company and the proceeds of a note payable for operations support.

The Grants Fund does not have an increase or decrease in fund balance during the fiscal year as this fund reports federal and certain state expenditure reimbursement grants.

The Capital Projects Fund does not have an increase or decrease in fund balance during the year since this fund reports state and local capital outlay funding that is used to cover a portion of interest expenditures.

The Club and Activities Fund had an increase in fund balance during the current fiscal year due to contributions for extracurricular activities exceeding associated expenditures.

Significant Capital Assets and Long-term Financing Activity

Capital assets: At June 30, 2026, the School had capital assets of $ 18,216,661 net of accumulated depreciation and amortization. Major capital asset additions for the year included $ 19,170,019 mainly related to new building lease asset, classroom and office furniture, student laptops and other computer equipment. Additional information on the School's capital assets can be found in Note 6 of this report.

Debt: At June 30, 2026, the School had outstanding debt of $ 20,316,709. The increase is a result of the issuance of a lease payable and three notes payable, net of scheduled principal payments in accordance with the required debt service schedules. Additional information on the School's debt can be found in Notes 7 through 9 of this report.

Currently Known Facts, Decisions, or Conditions

In fiscal year 2026, the state of Florida continued to include a teacher salary increase allocation of $ 1.36 billion. The capital outlay funding pool was $ 231 million.

For fiscal year 2027, the funding for teacher salaries and other instructional personnel will be $ 1.56 billion. Additionally, the state of Florida approved an increase to the base funding allocation and capital outlay. A 2% merit increase for all staff was included in the budget. All other expenditures are budgeted in alignment with the enrollment changes and the school's strategic objectives.

Requests for Information

If you have questions about this report or need additional information, please contact Kera Robinson, Controller - School Accounting; Charter Schools USA, 800 Corporate Drive, Suite 700, Fort Lauderdale, Florida 33334.

BASIC
FINANCIAL STATEMENTS

Cherry Lake Preparatory Academy
Statement of Net Position (Deficit)
June 30, 2026

	Governmental Activities
Current Assets:	
Cash and cash equivalents	$ 226,265
Other receivables	486
Due from other governments	379,011
Prepaid items	258,031
Deposits	36,840
Total current assets	900,633
Noncurrent Assets:	
Capital assets (depreciable and amortizable), net of accumulated depreciation and amortization	18,216,661
Total assets	19,117,294
Current Liabilities:	
Accounts payable and accrued expenses	148,974
Salaries and wages payable	267,826
Due to management company	168,200
Due to related party	1,648
Accrued interest payable	177,149
Compensated absences	17,253
Notes payable	362,343
Total current liabilities	1,143,393
Noncurrent Liabilities:	
Compensated absences	5,751
Notes payable	2,341,453
Lease payable	17,612,913
Total noncurrent liabilities	19,960,117
Total liabilities	21,103,510
Net Position (Deficit):	
Net investment in capital assets	(425,048)
Restricted for extracurricular activities	5,941
Unrestricted	(1,567,109)
Total net position (deficit)	$ (1,986,216)

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

Cherry Lake Preparatory Academy
Statement of Activities
For the Year Ended June 30, 2026

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Governmental Activities: Net Revenue (Expense) and Change in Net Position (Deficit)
Functions/Programs:					
Instruction	$ 2,417,919	$ -	$ 626,219	$ -	$ (1,791,700)
Student support services	189,686	-	-	-	(189,686)
Instructional staff training services	62,893	-	226	-	(62,667)
Instruction-related technology	333,626	-	-	-	(333,626)
Board services	182,407	-	-	-	(182,407)
General administration	8,496	-	-	-	(8,496)
School administration	1,041,552	-	167,466	-	(874,086)
Fiscal services	3,720	-	-	-	(3,720)
Food services	191,900	80,346	111,554	-	-
Central services	208,196	-	1,434	-	(206,762)
Operation of plant	1,078,247	-	51,662	-	(1,026,585)
Maintenance of plant	189,872	-	-	-	(189,872)
Administrative technology services	14,932	-	-	-	(14,932)
Community services	315,088	144,331	465	-	(170,292)
Extracurricular activities	141,927	-	147,868	-	5,941
Interest on long-term debt	1,626,663	-	-	507,175	(1,119,488)
Total governmental activities	$ 8,007,124	$ 224,677	$ 1,106,894	$ 507,175	(6,168,378)
General revenues:					
FEFP and other nonspecific revenues					4,012,162
Contributions					170,000
Total general revenues					4,182,162
Change in net position (deficit)					(1,986,216)
Net position (deficit), July 1, 2025					-
Net position (deficit), June 30, 2026					$ (1,986,216)

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

Cherry Lake Preparatory Academy
Balance Sheet - Governmental Funds
June 30, 2026

	General Fund	Grants Fund	Capital Projects Fund	Club and Activities Fund	Total
Assets:					
Cash and cash equivalents	$ 225,852	$ -	$ -	$ 413	$ 226,265
Due from other governments	-	335,026	43,985	-	379,011
Due from other funds	379,011	-	-	5,528	384,539
Other receivables	486	-	-	-	486
Prepaid items	258,031	-	-	-	258,031
Deposits	36,840	-	-	-	36,840
Total assets	$ 900,220	$ 335,026	$ 43,985	$ 5,941	$ 1,285,172
Liabilities:					
Accounts payable and accrued expenses	$ 148,974	$ -	$ -	$ -	$ 148,974
Salaries and wages payable	267,826	-	-	-	267,826
Due to management company	168,200	-	-	-	168,200
Due to related party	1,648	-	-	-	1,648
Due to other funds	5,528	335,026	43,985	-	384,539
Total liabilities	592,176	335,026	43,985	-	971,187
Fund Balances:					
Nonspendable:					
Prepaid items	258,031	-	-	-	258,031
Deposits	36,840	-	-	-	36,840
Restricted for extracurricular activities	-	-	-	5,941	5,941
Unassigned	13,173	-	-	-	13,173
Total fund balances	308,044	-	-	5,941	313,985
Total liabilities and fund balances	$ 900,220	$ 335,026	$ 43,985	$ 5,941	$ 1,285,172

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

Cherry Lake Preparatory Academy
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position (Deficit)
June 30, 2026

Total Fund Balances - Governmental Funds		$ 313,985
Amounts reported for governmental activities in the statement of net position (deficit) are different because:		
The cost of capital assets acquired is reported as an expenditure in the governmental fund statements. The statement of net position (deficit) includes those capital assets, net of accumulated depreciation and amortization, among the assets of the School as a whole.		
Cost of capital assets	$ 19,170,019	
Accumulated depreciation and amortization	(953,358)	18,216,661
Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.		
Compensated absences	$ (23,004)	
Accrued interest payable	(177,149)	
Notes payable	(2,703,796)	
Lease payable	(17,612,913)	(20,516,862)
Net Position (Deficit) of Governmental Activities		$ (1,986,216)

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

Cherry Lake Preparatory Academy
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2026

	General Fund	Grants Fund	Capital Projects Fund	Club and Activities Fund	Total
Revenues:					
Federal sources	$ -	$ 958,074	$ -	$ -	$ 958,074
State sources	3,745,727	952	307,501	-	4,054,180
Local sources	436,435	80,346	199,674	147,868	864,323
Aftercare	144,331	-	-	-	144,331
Total revenues	4,326,493	1,039,372	507,175	147,868	6,020,908
Expenditures:					
Current:					
Instruction	2,128,990	150,636	-	-	2,279,626
Student support services	189,686	-	-	-	189,686
Instructional staff training services	62,667	226	-	-	62,893
Instruction-related technology	93,457	-	-	-	93,457
Board services	182,407	-	-	-	182,407
General administration	8,496	-	-	-	8,496
School administration	874,086	167,466	-	-	1,041,552
Fiscal services	3,720	-	-	-	3,720
Food services	-	191,900	-	-	191,900
Central services	206,762	1,434	-	-	208,196
Operation of plant	435,231	51,662	-	-	486,893
Maintenance of plant	189,872	-	-	-	189,872
Administrative technology service	8,386	-	-	-	8,386
Community services	314,623	465	-	-	315,088
Extracurricular activities	-	-	-	141,927	141,927
Capital outlay	18,694,436	475,583	-	-	19,170,019
Debt service:					
Principal	376,400	-	-	-	376,400
Interest	942,339	-	507,175	-	1,449,514
Total expenditures	24,711,558	1,039,372	507,175	141,927	26,400,032
Excess (deficiency) of revenues over (under) expenditures	(20,385,065)	-	-	5,941	(20,379,124)
Other Financing Sources:					
Issuance of lease payable	17,737,340	-	-	-	17,737,340
Issuance of notes payable	2,955,769	-	-	-	2,955,769
Total other financing sources	20,693,109	-	-	-	20,693,109
Net change in fund balances	308,044	-	-	5,941	313,985
Fund Balances, July 1, 2025	-	-	-	-	-
Fund Balances, June 30, 2026	$ 308,044	$ -	$ -	$ 5,941	$ 313,985

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

Cherry Lake Preparatory Academy
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2026

Net Change in Fund Balances - Governmental Funds		$ 313,985
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 costs of those assets are depreciated and amortized over their estimated useful lives as for depreciation and amortization.		
Capital outlays	$ 19,170,019	
Depreciation and amortization	(953,358)	18,216,661
Principal payments on long-term debt are reported as an expenditure in the governmental funds, but as a reduction of long-term liabilities in the statement of net position (deficit).		376,400
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net position (deficit).		(20,693,109)
Certain items reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.		
Change in compensated absences	$ (23,004)	
Change in accrued interest payable	(177,149)	(200,153)
Change in Net Position (Deficit) of Governmental Activities		$ (1,986,216)

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

Note 1 - Organization and Operations

Florida Charter Educational Foundation, Inc. ("FCEF") was organized in October 2000 as a Florida nonprofit corporation. Cherry Lake Preparatory Academy (the "School") is a Department of the Foundation and is established as a charter school to serve students from kindergarten to eighth grade in Lake County. There were 453 students enrolled for the 2025/2026 school year.

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

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring school district of Lake County (the "District"). The current charter is effective until June 30, 2028, and the term shall be automatically extended on a month-to-month basis until the charter has been renewed, non-renewed or terminated. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable which would require inclusion in the School's financial statements.

Basis of presentation: The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-wide financial statements: Government-wide financial statements, including the statement of net position (deficit) and the statement of activities, present information about the School as a whole.

Note 2 - Summary of Significant Accounting Policies (continued)

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. 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: Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental funds financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental funds financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental funds financial statements.

The School's major governmental funds are as follows:

General Fund - This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

Grants Fund - This special revenue fund is used to account for federal grants and certain state grants that are legally restricted for specific program purposes. The fund also accounts for food service operations and related revenues and expenditures that are restricted for food service activities.

Capital Projects Fund - This fund is used to account for state and local capital outlay funding that is legally restricted to expenditures for particular purposes.

Club and Activities Fund - This special revenue fund is used to administer funds raised and earned by the various clubs and activities that are part of the School but restricted for use in the extracurricular activities.

During the course of operations, the School has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in the governmental fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

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

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 2 - Summary of Significant Accounting Policies (continued)

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 120 days of the end of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source.

All other revenue items are considered to be measurable and available only when cash is received by the School. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Student funding is provided by the State of Florida through the District. Such funding is recorded as FEFP revenue in the government-wide financial statements and state source revenue in the fund financial statements. This funding is received on a prorated basis over a twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

Cash and cash equivalents: The School considers all demand accounts and short-term investments with a maturity of three months or less when purchased to be cash and cash equivalents. The School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federal insured limit, however, the School's deposits are collateralized in accordance with Chapter 280 of the Florida Statutes (Note 3).

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Income taxes: The School is a department of a nonprofit corporation. Revenue of the School is derived primarily from other governmental entities. The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these financial statements.

Capital assets: Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost equal to or greater than $ 750 and useful life of over one year. Donated capital assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Note 2 - Summary of Significant Accounting Policies (continued)

Depreciation on all capital assets is provided on the straight-line basis over the estimated useful lives as follows:

Improvements other than buildings	45 years
Furniture, fixtures and equipment	5 years
Computer equipment	3 years

The School has recorded a right-to-use lease asset as required by GAAP. The right-to-use asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use asset is amortized on a straight-line basis over the life of the related lease.

Deferred outflows/inflows of resources: In addition to assets, the statement of net position (deficit) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position (deficit) will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Unearned revenue: Unearned revenue arises when the School receives resources before it has a legal claim to them.

Compensated absences: The School's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Payments for compensated absences are generally paid out of the General Fund.

Net position: Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation and amortization reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

- Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

Note 2 - Summary of Significant Accounting Policies (continued)

- Unrestricted - the residual portion of net position that does not meet the definition of the other two categories.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then, unrestricted resources as they are needed.

Fund balance: The governmental fund financial statements present fund balances based on the provisions of GAAP, which provides clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental funds financial statements:

- Nonspendable - this classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- Restricted - this classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.

- Committed - this classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision-making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.

- Assigned - this classification includes amounts that the Board of Directors intends to use for a specific purpose, but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.

- Unassigned - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the General Fund.

The details of the fund balances are included in the Governmental Funds Balance Sheet on page 11.

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Summary of Significant Accounting Policies (continued)

Adoption of new accounting standards: The School implemented GASB Statement No. 103, Financial Reporting Model Improvements, during the year ended June 30, 2026. The Statement revised certain financial reporting requirements, including the content and presentation of management's discussion and analysis and other financial statement presentation and disclosure requirements.

The School also implemented GASB Statement No. 104, Disclosure of Certain Capital Assets, which addresses obligations for governmental entities to separately disclose certain types of capital assets. Implementation did not change the presentation and related disclosures of the School.

The adoption of both standards did not affect any amounts previously reported in the School's financial statements.

Date of Management Review: The School has evaluated subsequent events through October 1, 2026, which is the date that the financial statements were available to be issued.

Note 3 - Cash and Cash Equivalents

At June 30, 2026, the carrying amount of the deposits and cash on hand totaled $ 226,265 with a bank balance of $ 263,099.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as "qualified public depositories" as defined by Chapter 280 of the Florida Statutes. This Statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the Treasurer are defined by the Statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits of $ 13,099 in excess of the federal insured limit of $ 250,000 are held in a qualified public depository and are covered by the collateral pool held in the name of the financial institution's trust department or agent, but not in the School's name.

Note 4 - Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2026, is as follows:

Due To/From Other Funds		
Receivable Fund	Payable Fund	Amount
General Fund	Grants Fund	$ 335,026
General Fund	Capital Projects Fund	43,985
Club and Activities Fund	General Fund	5,528
		$ 384,539

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Note 5 - Due to Related Party

Due to related party represents an amount that is due to another school that shares common board membership and is a Department of FCEF, which is expected to be repaid within one year.

Note 6 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2026, are as follows:

	Balance at July 1, 2025	Additions	Deletions	Balance at June 30, 2026
Capital assets being depreciated/ amortized:				
Improvements other than building	$ -	$ 18,200	$ -	$ 18,200
Furniture, fixtures and equipment	-	576,513	-	576,513
Computer equipment	-	837,966	-	837,966
Lease assets:				
Building	-	17,737,340	-	17,737,340
Total capital assets being depreciated/amortized	-	19,170,019	-	19,170,019
Accumulated depreciation/ amortization:				
Improvements other than building	-	76	-	76
Furniture, fixtures and equipment	-	115,289	-	115,289
Computer equipment	-	246,715	-	246,715
Lease assets:				
Building	-	591,278	-	591,278
Total accumulated depreciation/ amortization	-	953,358	-	953,358
Net capital assets being depreciated/amortized	$ -	$ 18,216,661	$ -	$ 18,216,661

Depreciation and amortization was charged to governmental activities as follows:

Instruction	$ 115,289
Instruction-related technology	240,169
Operation of plant	591,354
Administrative technology services	6,546
Total	$ 953,358

Note 7 - Notes Payable

During the year, the School entered into two note payable agreements for the purchase of certain computer equipment and furniture fixtures and equipment. The note for the computer equipment requires monthly payments of $ 22,470 including principal and interest at 9.20% annually. Principal and interest payments are due through September 2028. The note for the furniture and equipment requires monthly payments of $ 14,370 including principal and interest at 9.22% annually. Principal and interest payments are due through September 2029.

During the year, the School also entered into a note payable agreement with a related party of the School's management company (Note 10) providing cash for general operations. The note accrues interest at 9.00% per annum and matures on June 18, 2031. No periodic payments of principal or interest are required under the agreement, and the outstanding principal balance, together with accrued and unpaid interest, is due in a single balloon payment upon maturity in June 2031. The note may be prepaid without penalty.

The following is a schedule of the combined future minimum payments under these notes payable agreements as of June 30, 2026:

Year Ending June 30,	Principal	Interest	Total
2027	$ 362,343	$ 79,736	$ 442,079
2028	397,183	44,897	442,080
2029	226,812	13,038	239,850
2030	42,458	653	43,111
2031	1,675,000	753,987	2,428,987
	$ 2,703,796	$ 892,311	$ 3,596,107

Note 8 - Lease Payable

Red Apple Development, LLC and subsidiaries ("RAD") entered into a building lease agreement with FCEF. The building, which is owned by RAD, is leased by FCEF on behalf of the schools under a 30-year lease. The lease agreement qualifies as other than short-term leases under GAAP and, therefore, has been recorded at the present value of the future minimum lease payments. The discount rate used to recognize the lease asset and the lease liability was 9.5%. For the year ended June 30, 2026, the School incurred interest expense of $ 171,786 for this lease payable. In addition to rent, FCEF shall pay to RAD the total cost of ad valorem taxes, assessments and levies imposed upon the premises. There were no additional amounts paid for the year ended June 30, 2026.

Note 8 - Lease Payable (continued)

The following is a schedule of the School's future base rent payments as of June 30, 2026:

Year Ending June 30,	Principal	Interest	Total
2027	$ -	$ -	$ -
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032-2036	-	-	-
2037-2041	70,679	431,709	502,388
2042-2046	2,922,623	7,744,313	10,666,936
2047-2051	6,099,661	5,677,500	11,777,161
2052-2055	8,519,950	1,778,397	10,298,347
	$ 17,612,913	$ 15,631,919	$ 33,244,832

Note 9 - Long-Term Liabilities

Changes in the School's long-term liabilities for fiscal year ended June 30, 2026, are as follows:

	Balance at July 1, 2025	Additions	Deletions	Amortization	Balance at June 30, 2026	Amount Due Within One Year
Lease - building	$ -	$ 17,737,340	$ 124,427	$ -	$ 17,612,913	$ -
Note payable - furniture, fixtures and equipment	-	575,713	92,908	-	482,805	228,793
Note payable - computers	-	705,056	159,065	-	545,991	133,550
Note payable - operations	-	1,675,000	-	-	1,675,000	-
Compensated absences	-	23,004 *	-	-	23,004	17,253
	$ -	$ 20,716,113	$ 376,400	$ -	$ 20,339,713	$ 379,596

* The change in compensated absences above is a net change for the year.

Note 10 - Commitments

Management agreement: The School has a formal agreement with Charter Schools USA at Cherry Lake Preparatory Academy, LLC ("CSUSA") to manage, staff, and operate the School. The agreement has an initial term which expires in November 2031. It will automatically renew for five-year periods unless terminated by either party. The agreement states that CSUSA shall be entitled to cost reimbursements and management fees (the "fee") for its services, subject to availability of funds. The fee is subordinated to all lease payment requirements (Note 8). The fee for the services is 15% of revenues as defined in the agreement or the budgeted amount approved by the Board of Directors based on enrollment and School performance. There were no management fees paid for the year ended June 30, 2026, and CSUSA contributed $ 170,000 to the School.

Note 10 - Commitments (continued)

The School has an amount of $ 168,200 due to CSUSA at June 30, 2026, for expenses paid on behalf of the School.

Post-employment benefits: The School does not provide post-employment benefits to retired employees.

Note 11 - Employee Benefit Plan

During the year ended June 30, 2026, the School offered all of its full-time employees who had attained 21 years of age, a retirement plan (the "Plan") under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant's annual elective deferral to the Plan. As determined annually by the School's management, the School may also make a discretionary profit sharing contribution, which is allocated among the participants based on a pro rata formula. Participants are immediately vested in their own contributions and earnings on those contributions.

Participants become vested in School contributions and earnings on School contributions according to the following schedule:

Years of Service	Vesting Percentage
1	25%
2	50%
3	75%
4	100%

Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce any employer contribution. For the Plan year ending December 31, 2025, the School had forfeitures of $ 1,912. For the year ended June 30, 2026, the School contributed a matching amount of $ 11,755.

Note 12 - Capital Appropriations Funding

The Florida Department of Education has approved a Charter School Capital Outlay ("CSCO") award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes those funds are allocated among eligible charter schools. The funds for the School's allocation are transferred to the School once a CSCO plan has been provided to and approved by the sponsoring district. The School's CSCO award totaled $ 307,501 for the 2025/2026 school year which has been recognized as revenue in the accompanying financial statements. If the CSCO funds are used to acquire tangible property assets, the District has a reversionary interest in those assets. In the event of nonrenewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the District. The School has elected to use these funds to pay a portion of the interest expenditures on the facility lease.

Local Capital Improvement Revenue ("LCIR") funds are also appropriated by the District for charter school capital outlay purposes, with funds being allocated among eligible charter schools in a similar manner to the CSCO award. The School's LCIR award totaled $ 199,674 for the 2025/2026 school year which has been recognized as revenue in the accompanying financial statements.

Note 13 - Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There were no claims in excess of insurance coverage limits during the past year.

As disclosed in Note 10, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers' compensation claims for these individuals. In addition, CSUSA carries all required insurance including, but not limited to, general liability and errors and omissions insurance.

REQUIRED SUPPLEMENTARY INFORMATION

Cherry Lake Preparatory Academy
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Original vs. Final Budget Variance	Actual	Actual vs. Final Budget Variance
Revenues:					
State sources	$ 5,204,966	$ 3,613,026	$ (1,591,940)	$ 3,745,727	$ 132,701
Local sources	1,518,000	268,735	(1,249,265)	436,435	167,700
Aftercare	-	122,985	122,985	144,331	21,346
Total revenues	6,722,966	4,004,746	(2,718,220)	4,326,493	321,747
Expenditures:					
Current:					
Instruction	1,223,898	2,762,532	1,538,634	2,128,990	633,542
Student support services	33,994	113,794	79,800	189,686	(75,892)
Instructional staff training services	57,868	53,886	(3,982)	62,667	(8,781)
Instruction-related technology	123,615	91,456	(32,159)	93,457	(2,001)
Board services	294,313	10,000	(284,313)	182,407	(172,407)
General administration	-	-	-	8,496	(8,496)
School administration	2,591,192	824,963	(1,766,229)	874,086	(49,123)
Fiscal services	-	7,088	7,088	3,720	3,368
Food services	-	105,574	105,574	-	105,574
Central services	144,444	172,527	28,083	206,762	(34,235)
Operation of plant	1,854,595	1,972,450	117,855	435,231	1,537,219
Maintenance of plant	129,402	154,595	25,193	189,872	(35,277)
Administrative technology services	-	563	563	8,386	(7,823)
Community services	-	49,766	49,766	314,623	(264,857)
Capital outlay	1,182,069	1,356,860	174,791	18,694,436	(17,337,576)
Debt service:					
Principal	-	-	-	376,400	(376,400)
Interest	-	-	-	942,339	(942,339)
Total expenditures	7,635,390	7,676,054	40,664	24,711,558	(17,035,504)
Deficiency of revenues under expenditures	(912,424)	(3,671,308)	(2,758,884)	(20,385,065)	(16,713,757)
Other Financing Sources:					
Issuance of lease payable	-	-	-	17,737,340	17,737,340
Issuance of notes payable	912,424	3,671,308	2,758,884	2,955,769	(715,539)
Total other financing sources	912,424	3,671,308	2,758,884	20,693,109	17,021,801
Net change in fund balance	$ -	$ -	$ -	308,044	$ 308,044
Fund Balances, July 1, 2025				-	
Fund Balances, June 30, 2026				$ 308,044	

See accompanying notes to budgetary comparison schedules.

Cherry Lake Preparatory Academy
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Grants Fund
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Original vs. Final Budget Variance	Actual	Actual vs. Final Budget Variance
Revenues:					
Federal sources:					
National School Lunch Program	$ 198,956	$ 111,785	$ (87,171)	$ 162,264	$ 50,479
CSP Grant	-	-	-	747,222	747,222
Title IV	-	-	-	678	678
IDEA	-	47,910	47,910	47,910	-
State sources:					
National School Lunch Program	-	-	-	952	952
Local sources:					
Cafeteria sales	-	35,569	35,569	80,346	44,777
Total revenues	198,956	195,264	(3,692)	1,039,372	844,108
Expenditures:					
Current:					
Instruction	-	47,910	47,910	150,636	(102,726)
Instructional staff training services	-	-	-	226	(226)
School administration	-	-	-	167,466	(167,466)
Food services	181,366	103,663	(77,703)	191,900	(88,237)
Central services	-	-	-	1,434	(1,434)
Community services	-	-	-	465	(465)
Operation of plant	17,590	43,691	26,101	51,662	(7,971)
Capital outlay	-	-	-	475,583	(475,583)
Total expenditures	198,956	195,264	(3,692)	1,039,372	(844,108)
Net change in fund balance	$ -	$ -	$ -	-	$ -
Fund Balances, July 1, 2025				-	
Fund Balances, June 30, 2026				$ -	

See accompanying notes to budgetary comparison schedules.

Note 1 - Budgetary Policy and Basis of Accounting

An operating budget is adopted and maintained by the Governing Board for all governmental funds except the Capital Projects Fund and the Club and Activities Fund, pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting used in the preparation of the financial statements. All appropriations lapse at the end of the fiscal year.

The level of budgetary control is at the fund level. The School Principal may make unlimited transfers between functional categories throughout the year. Any budget transfers made must be discussed with management and presented to the Governing Board. A potential increase in expenditures over approved budget should be approved by the Governing Board.

Note 2 - Budgetary Highlights between Original Budget and Final Budget

In the General Fund, final budgeted revenues were lower than the original budget for the year ended June 30, 2026 primarily as a result of a downward adjustment in the enrollment projection which reduced the budget for associated FEFP revenues and a downward adjustment of the budgeted contribution from the management company, partially offset by newly budgeted revenues from the aftercare program. Total expenditures per the final budget were slightly larger than in the original, primarily due to a re-allocation between instruction, school administration and other functions primarily associated with payroll resulting in a net increase in expenditures. Capital outlay expenditures were increased slightly for the inception year.

In the Grants Fund, final budgeted revenues were lower than the original budget for the year ended June 30, 2026 mainly due to a net decrease in food service program revenues, including a re-allocation of revenues from the NSLP grant to cafeteria sales. Partially offsetting the decrease was the addition of IDEA budgeted revenues. Final budgeted expenditures were lower than the original budget primarily due to decreased food service program costs, partially offset by new instructional costs associated with the IDEA grant.

Note 3 - Budgetary Highlights between Actual Results and Final Budget

In the General Fund, actual revenues were favorable to the final budget for the year ended June 30, 2026, primarily due to state revenues exceeding budget by $ 132,701 due to enrollment being slightly higher than anticipated for School's opening year. A corporate contribution caused a favorable variance in local sources, and participation in the aftercare program outperformed budget expectations. Total expenditures were unfavorable compared to the final budget, primarily due to a large capital outlay expenditure for the new building lease asset, which was offset by other financing sources associated with the issuance of the associated lease obligation. Student support services, board services and community services saw unfavorable variances based on personnel needs. Operation of plant had a favorable variance offset by debt service unfavorable variances as the budget projected the payment of rent on an operating lease. Instruction and other functions saw favorable variances due to the budget estimates over-projecting staffing and materials needs for the inception year.

In the Grants Fund, actual revenues were favorable compared to the final budget for the year ended June 30, 2026, primarily because the budget did not include the sizable CSP grant ultimately received by the School. This favorable variance was enhanced by larger food service program related revenues in the current year. Expenditures were unfavorable to the final budget primarily due to instruction, school administration, and capital outlay costs associated with the unbudgeted CSP grant and increased food service costs associated with under-projected participation in that program.

Note 4 - Excess of Expenditures above Appropriations

In the General Fund, expenditures for the year ended June 30, 2026, exceeded appropriations by $ 17,035,504. These over-expenditures were funded by greater than anticipated revenues and other financing sources.

In the Grants Fund, expenditures for the year ended June 30, 2026, exceeded appropriations by $ 844,108. These over-expenditures were funded by greater than anticipated revenues.

OTHER INDEPENDENT AUDITOR'S REPORTS

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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*

To the Board of Directors
Cherry Lake Preparatory Academy
Groveland, 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 Cherry Lake Preparatory Academy (the "School"), a Department of Florida Charter Educational Foundation, Inc. and a component unit of the School District of Lake County, Florida, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated October 1, 2026.

Report on Internal Control over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Citrin Cooperman & Company, LLP

Fort Lauderdale, Florida
October 1, 2026

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MANAGEMENT LETTER REQUIRED BY CHAPTER 10.850 OF THE *RULES OF THE AUDITOR GENERAL* OF THE STATE OF FLORIDA

To the Board of Directors
Cherry Lake Preparatory Academy
Groveland, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities and each major fund of Cherry Lake Preparatory Academy (the "School"), as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated October 1, 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.

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 October 1, 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. This was the School's first year of operations and thus its first annual financial audit; therefore, there were no prior-year findings or 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 Cherry Lake Preparatory Academy and 359032.

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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 conditions met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), *Rules of the Auditor General*, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.854(1)(e)3., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintained 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 noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that have occurred, or are 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 and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Citrin Cooperman & Company, LLP

Fort Lauderdale, Florida
October 1, 2026

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