

Clay Charter Academy

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

Basic Financial Statements
For the Year Ended June 30, 2026

Clay Charter Academy

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Clay Charter Academy
Middleburg, 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 Clay Charter Academy (the "School"), a Department of Florida Charter Educational Foundation, Inc. and a component unit of the School District of Clay 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.

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.

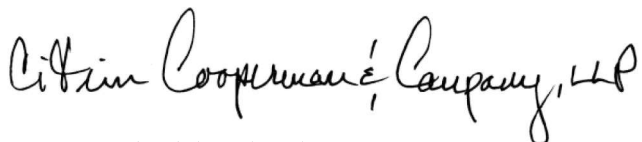
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Required Supplementary Information

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 27 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 August 28, 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.



Fort Lauderdale, Florida
August 28, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Clay Charter Academy (the "School"), a Department of Florida Charter Educational Foundation, Inc. and a component unit of the School District of Clay 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 years ended June 30, 2026 and 2025.

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.

- As of June 30, 2026, the School's fund balances were \$ 1,971,337 as compared to \$ 2,021,872 at June 30, 2025.
- As of June 30, 2026, the School had net position (deficit) of \$ (2,215,237), as compared to a net position (deficit) of \$ (2,053,406) as of June 30, 2025.

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 26 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 \$ 2,215,237 at the close of the most recent fiscal year.

Government-Wide Financial Analysis (continued)

Clay Charter Academy Net Position (Deficit)			
	June 30, 2026	June 30, 2025	Variance
Assets:			
Current and other assets	\$ 2,678,735	\$ 2,805,810	\$ (127,075)
Capital assets, net	<u>14,405,739</u>	<u>14,681,257</u>	<u>(275,518)</u>
Total assets	<u>17,084,474</u>	<u>17,487,067</u>	<u>(402,593)</u>
Liabilities:			
Other liabilities	864,132	914,668	(50,536)
Long-term liabilities	<u>18,435,579</u>	<u>18,625,805</u>	<u>(190,226)</u>
Total liabilities	<u>19,299,711</u>	<u>19,540,473</u>	<u>(240,762)</u>
Net Position (Deficit):			
Net investment in capital assets	(2,479,686)	(2,446,932)	(32,754)
Restricted	292,762	289,064	3,698
Unrestricted	<u>(28,313)</u>	<u>104,462</u>	<u>(132,775)</u>
Total net position (deficit)	\$ <u>(2,215,237)</u>	\$ <u>(2,053,406)</u>	\$ <u>(161,831)</u>

Current and other assets reflect a lower cash position, primarily attributable to the decline in ESSER III revenue and a net decrease in FEFP funding, driven by the loss of instructional materials funding, partially mitigated by an increase in ESE Level II and ESOL funding. Capital assets, net of depreciation decreased mainly due to the current year depreciation expense of \$ 667,876 offset by purchases of new assets totaling \$ 392,358. Other liabilities decreased mainly due to a prepayment of wages in June for the current fiscal year, partially offset by an increase in accrued expenses. Long-term liabilities decreased due to scheduled principal debt service payments; however, this was partially offset by the addition of the note payable for computer equipment.

Governmental Activities: The School's overall net position (deficit) decreased (\$ 161,831) from the prior fiscal year. The reasons for this overall decrease are discussed in the following section for governmental activities.

Clay Charter Academy Change in Net Position (Deficit)			
	June 30, 2026	June 30, 2025	Variance
Revenues:			
Program revenues:			
Charges for services	\$ 274,894	\$ 280,050	\$ (5,156)
Operating grants and contributions	496,517	487,741	8,776
Capital grants and contributions	1,062,585	1,175,353	(112,768)
General revenues:			
FEFP and other nonspecific revenues	5,100,736	5,434,948	(334,212)
Interest income	86,966	110,342	(23,376)
Contributions	1,442,138	807,328	634,810
Miscellaneous income	<u>1,582</u>	<u>94</u>	<u>1,488</u>
Total revenues	\$ <u>8,465,418</u>	\$ <u>8,295,856</u>	\$ <u>169,562</u>

Government-Wide Financial Analysis (continued)

	Clay Charter Academy Change in Net Position (Deficit) (continued)		
	June 30, 2026	June 30, 2025	Variance
Functions/Program Expenses:			
Instruction	\$ 3,452,942	\$ 3,338,211	\$ 114,731
Student support services	109,555	332,504	(222,949)
Instruction and curriculum development services	-	955	(955)
Instructional staff training services	46,407	39,541	6,866
Instruction-related technology	241,582	150,068	91,514
Board services	66,356	73,887	(7,531)
School administration	1,003,306	835,691	167,615
Fiscal services	11,574	19,549	(7,975)
Food services	307,575	300,731	6,844
Central services	168,236	99,973	68,263
Operation of plant	1,418,918	1,466,310	(47,392)
Maintenance of plant	332,037	406,616	(74,579)
Administrative technology services	53,447	-	53,447
Community services	143,543	187,919	(44,376)
Extracurricular activities	76,420	81,879	(5,459)
Interest on long term debt	1,195,351	1,195,144	207
Total expenses	<u>8,627,249</u>	<u>8,528,978</u>	<u>98,271</u>
Change in net position (deficit)	(161,831)	(233,122)	71,291
Net position (deficit)-beginning	<u>(2,053,406)</u>	<u>(1,820,284)</u>	<u>(233,122)</u>
Net position (deficit)-ending	\$ <u>(2,215,237)</u>	\$ <u>(2,053,406)</u>	\$ <u>(161,831)</u>

Program revenues decreased primarily due to a decline in local surtax revenue. Total expenses increased primarily due to higher contracted temporary labor, special education contracted services, professional development and staff training, Florida School Recognition Bonus program expenses, wage increases across all accounts, employee benefits, and student computer service fees.

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 \$ 6,104, while total fund balance decreased to \$ 1,918,575. 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 0.08% of total General Fund expenditures, while total fund balance represents 26% of that same amount.

Financial Analysis of Governmental Funds (continued)

The fund balance of the School's General Fund decreased by \$ 54,233 during the current fiscal year. The decrease was mainly due to the reduction in ESSER III grant funding and a net decline in FEFP funding, driven by the loss of instructional materials funding, partially mitigated by an increase in ESE Level II and ESOL funding, which required the General Fund to absorb costs previously supported by these revenue sources.

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 expenditure.

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

Significant Capital Assets and Long-term Financing Activity

Capital assets: At June 30, 2026, the School had capital assets of \$ 14,405,739 net of accumulated depreciation and amortization, as compared to \$ 14,681,257 at June 30, 2025, invested in building, lease assets, furniture, fixtures and equipment, computer equipment and improvements other than buildings. Major capital assets additions for the year included \$ 392,358 mainly related to new computer equipment. Additional information on the School's capital assets can be found in Note 7 of this report.

Debt: At June 30, 2026, the School had outstanding debt of \$ 18,402,838, as compared to \$ 18,593,577 at June 30, 2025. The decrease is a result of scheduled principal payments in accordance with the required debt service schedules. Additional information on the School's debt can be found in Notes 8 through 10 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

Clay Charter Academy
Statement of Net Position (Deficit)
June 30, 2026

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 257,458
Due from other governments	419,003
Due from related parties	28,402
Other receivables	61,401
Prepaid items	91,633
Deposits	52,045
Restricted investments	<u>251,380</u>
Total current assets	<u>1,161,322</u>
Noncurrent Assets:	
Restricted investments	1,517,413
Capital assets (depreciable and amortizable), net of accumulated depreciation and amortization	<u>14,405,739</u>
Total noncurrent assets	<u>15,923,152</u>
Total assets	<u>17,084,474</u>
Current Liabilities:	
Accounts payable and accrued expenses	146,500
Salaries and wages payable	244,097
Due to management company	316,801
Accrued interest payable	156,734
Compensated absences	24,556
Bonds payable	400,000
Note payable	<u>88,905</u>
Total current liabilities	<u>1,377,593</u>
Noncurrent Liabilities:	
Compensated absences	8,185
Bonds payable, net	15,424,763
Lease payable	2,398,576
Note payable	<u>90,594</u>
Total noncurrent liabilities	<u>17,922,118</u>
Total liabilities	<u>19,299,711</u>
Net Position (Deficit):	
Net investment in capital assets	(2,479,686)
Restricted for replacement and reserves	240,000
Restricted for extracurricular activities	52,762
Unrestricted	<u>(28,313)</u>
Total net position (deficit)	\$ <u><u>(2,215,237)</u></u>

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

Clay Charter Academy
Statement of Activities
For the Year Ended June 30, 2026

		Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Position (Deficit)
	Expenses				
Functions/Programs:					
Instruction	\$ 3,452,942	\$ -	\$ 68,525	\$ -	\$ (3,384,417)
Student support services	109,555	-	-	-	(109,555)
Instructional staff training services	46,407	-	19,045	-	(27,362)
Instruction-related technology	241,582	-	-	-	(241,582)
Board services	66,356	-	-	-	(66,356)
School administration	1,003,306	-	23,721	-	(979,585)
Fiscal services	11,574	-	-	-	(11,574)
Food services	307,575	86,264	221,311	-	-
Central services	168,236	-	-	-	(168,236)
Operation of plant	1,418,918	-	33,674	-	(1,385,244)
Maintenance of plant	332,037	-	-	-	(332,037)
Administrative technology services	53,447	-	-	-	(53,447)
Community services	143,543	188,630	51,381	-	96,468
Extracurricular activities	76,420	-	78,860	-	2,440
Interest on long-term debt	1,195,351	-	-	1,062,585	(132,766)
Total governmental activities	\$ 8,627,249	\$ 274,894	\$ 496,517	\$ 1,062,585	(6,793,253)
General revenues:					
FEFP and other nonspecific revenues					5,100,736
Interest income					86,966
Contributions					1,442,138
Miscellaneous income					1,582
Total general revenues					6,631,422
Change in net position (deficit)					(161,831)
Net position (deficit), July 1, 2025					(2,053,406)
Net position (deficit), June 30, 2026					\$ (2,215,237)

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

Clay Charter Academy
Balance Sheet - Governmental Funds
June 30, 2026

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Projects Fund</u>	<u>Club and Activities Fund</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 204,940	\$ -	\$ -	\$ 52,518	\$ 257,458
Due from other governments	158,212	20,357	240,434	-	419,003
Due from other funds	260,791	-	-	244	261,035
Due from related parties	28,402	-	-	-	28,402
Other receivables	61,401	-	-	-	61,401
Prepaid items	91,633	-	-	-	91,633
Deposits	52,045	-	-	-	52,045
Restricted investments	<u>1,768,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,768,793</u>
Total assets	<u>\$ 2,626,217</u>	<u>\$ 20,357</u>	<u>\$ 240,434</u>	<u>\$ 52,762</u>	<u>\$ 2,939,770</u>
Liabilities:					
Accounts payable and accrued expenses	\$ 146,500	\$ -	\$ -	\$ -	\$ 146,500
Salaries and wages payable	244,097	-	-	-	244,097
Due to other funds	244	20,357	240,434	-	261,035
Due to management company	<u>316,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316,801</u>
Total liabilities	<u>707,642</u>	<u>20,357</u>	<u>240,434</u>	<u>-</u>	<u>968,433</u>
Fund Balances:					
Nonspendable:					
Prepaid items	91,633	-	-	-	91,633
Deposits	52,045	-	-	-	52,045
Restricted for debt service	1,528,793	-	-	-	1,528,793
Restricted for repair and replacement reserves	240,000	-	-	-	240,000
Restricted for extracurricular activities	-	-	-	52,762	52,762
Unassigned	<u>6,104</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,104</u>
Total fund balances	<u>1,918,575</u>	<u>-</u>	<u>-</u>	<u>52,762</u>	<u>1,971,337</u>
Total liabilities and fund balances	<u>\$ 2,626,217</u>	<u>\$ 20,357</u>	<u>\$ 240,434</u>	<u>\$ 52,762</u>	<u>\$ 2,939,770</u>

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

Clay Charter Academy
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position (Deficit)
June 30, 2026

Total Fund Balances - Governmental Funds	\$ 1,971,337
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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	\$ 21,948,240	
Accumulated depreciation and amortization	<u>(7,542,501)</u>	14,405,739

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	\$ (32,741)	
Accrued interest payable	(156,734)	
Lease payable	(2,398,576)	
Bonds payable, net	(15,824,763)	
Note payable	<u>(179,499)</u>	<u>(18,592,313)</u>

Net Position (Deficit) of Governmental Activities		\$ <u><u>(2,215,237)</u></u>
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The accompanying notes to financial statements are an integral part of these statements.

Clay Charter 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	\$ -	\$ 308,119	\$ -	\$ -	\$ 308,119
State sources	5,156,937	1,956	422,483	-	5,581,376
Local sources	1,495,101	86,264	640,102	78,860	2,300,327
Interest income	85,708	-	-	1,258	86,966
Aftercare	188,630	-	-	-	188,630
Total revenues	<u>6,926,376</u>	<u>396,339</u>	<u>1,062,585</u>	<u>80,118</u>	<u>8,465,418</u>
Expenditures:					
Current:					
Instruction	3,354,548	12,324	-	-	3,366,872
Student support services	109,555	-	-	-	109,555
Instructional staff training services	27,362	19,045	-	-	46,407
Instruction-related technology	133,584	-	-	-	133,584
Board services	66,356	-	-	-	66,356
School administration	979,585	23,721	-	-	1,003,306
Fiscal services	11,574	-	-	-	11,574
Food services	-	307,575	-	-	307,575
Central services	168,236	-	-	-	168,236
Operation of plant	913,873	33,674	-	-	947,547
Maintenance of plant	332,037	-	-	-	332,037
Administrative technology services	50,497	-	-	-	50,497
Community services	143,543	-	-	-	143,543
Extracurricular activities	-	-	-	76,420	76,420
Capital outlay	392,358	-	-	-	392,358
Debt service:					
Principal	472,316	-	-	-	472,316
Interest	97,000	-	1,062,585	-	1,159,585
Total expenditures	<u>7,252,424</u>	<u>396,339</u>	<u>1,062,585</u>	<u>76,420</u>	<u>8,787,768</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(326,048)</u>	<u>-</u>	<u>-</u>	<u>3,698</u>	<u>(322,350)</u>
Other Financing Sources:					
Proceeds from note payable	<u>271,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>271,815</u>
Net change in fund balances	<u>(54,233)</u>	<u>-</u>	<u>-</u>	<u>3,698</u>	<u>(50,535)</u>
Fund Balances, July 1, 2025	<u>1,972,808</u>	<u>-</u>	<u>-</u>	<u>49,064</u>	<u>2,021,872</u>
Fund Balances, June 30, 2026	<u>\$ 1,918,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,762</u>	<u>\$ 1,971,337</u>

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

**Clay Charter 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 \$ (50,535)

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 over their estimated useful lives as depreciation and amortization.

Capital outlays	\$	392,358		
Depreciation and amortization		<u>(667,876)</u>		(275,518)

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).	472,316
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position (deficit).	(271,815)
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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	\$	(513)		
Change in accrued interest payable		(26,004)		
Amortization of bond discount		<u>(9,762)</u>		<u>(36,279)</u>

Change in Net Position (Deficit) of Governmental Activities	\$		<u><u>(161,831)</u></u>
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The accompanying notes to financial statements are an integral part of these statements.

Note 1 - Organization and Operations

The Florida Charter Educational Foundation, Inc. ("FCEF") was organized in October 2000 as a Florida nonprofit corporation. Clay Charter 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 Clay County. There were 649 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. Accordingly, these financial statements only include balances, activity and disclosures related to the School.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring school district of Clay County (the "District"). The current charter is effective until June 30, 2035, 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 Clay County School 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:

Building	38 years
Improvements other than buildings	10 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 provide 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)

Date of Management Review: The School has evaluated subsequent events through August 28, 2026, which is the date that the financial statements were available to be issued.

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.

Note 3 - Cash and Cash Equivalents

At June 30, 2026, the carrying amount of the deposits and cash on hand totaled \$ 257,458 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		Amount
Receivable Fund	Payable Fund	
General Fund	Grants Fund	\$ 20,357
General Fund	Capital Projects Fund	240,434
Club & Activities Fund	General Fund	244
		<u>\$ 261,035</u>

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 From Related Parties

Due from related parties represents amounts that are due from other schools that share common board membership and are Departments of FCEF, which are expected to be repaid within one year.

Note 6 - Restricted Investments

Previously, FCEF borrowed funds for construction of facilities for two of their schools, including Clay Charter Academy (Note 8). The restricted investments of the School are held by the Trustee and are governed by the Bond Indenture. The Bond Indenture authorizes the Trustee to invest in obligations of the United States or any state, obligations issued by a government sponsored agency, U.S. denominated deposit accounts, certificates of deposit and banker's acceptances, commercial paper, bonds, notes or debentures guaranteed by a corporation, investment agreements with banks, repurchase agreement secured by government obligations, investments in a money market fund and shares in any investment company, money market mutual fund, fixed income mutual fund or exchange traded fund. In accordance with the Bond Indenture, the Trustee has \$ 1,768,793 invested in a money market fund that is stated at amortized cost which approximates fair value.

Generally, *credit risk* is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. The exposure to credit risk is limited because the money market fund is rated AAA-mf by Moody's.

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The exposure to declines in fair values is limited because the weighted average maturity of the money market fund is 44 days.

Note 7 - Capital Assets

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

	Balance at July 1, 2025	Additions	Transfers	Balance at June 30, 2026
Capital assets being depreciated/ amortized:				
Building	\$ 16,517,389	\$ -	\$ -	\$ 16,517,389
Improvements other than building	424,892	35,238	-	460,130
Furniture, fixtures and equipment	861,745	17,122	-	878,867
Computer equipment	1,353,280	339,998	-	1,693,278
Lease assets:				
Land	<u>2,398,576</u>	<u>-</u>	<u>-</u>	<u>2,398,576</u>
Total capital assets being depreciated/amortized	<u>21,555,882</u>	<u>392,358</u>	<u>-</u>	<u>21,948,240</u>
Accumulated depreciation/ amortization:				
Building	4,333,808	404,575	-	4,738,383
Improvements other than building	113,886	66,796	-	180,682
Furniture, fixtures and equipment	809,111	28,448	-	837,559
Computer equipment	1,329,059	110,948	-	1,440,007
Lease assets:				
Land	<u>288,761</u>	<u>57,109</u>	<u>-</u>	<u>345,870</u>
Total accumulated depreciation/ amortization	<u>6,874,625</u>	<u>667,876</u>	<u>-</u>	<u>7,542,501</u>
Net capital assets being depreciated/amortized	<u>\$ 14,681,257</u>	<u>\$ (275,518)</u>	<u>\$ -</u>	<u>\$ 14,405,739</u>

Depreciation and amortization was charged to governmental activities as follows:

Instruction	\$ 85,557
Instruction-related technology	107,998
Administrative technology services	2,950
Operation of plant	<u>471,371</u>
Total	<u>\$ 667,876</u>

Note 8 - Bonds Payable

Previously, the Florida Development Finance Corporation (the "Corporation") issued \$ 40,900,000 in Tax Exempt Educational Facilities Revenue Bonds, Series 2016A pursuant to an Indenture of Trust between the Corporation and a Trustee to make a loan to FCEF, a division of which the School exists to finance the acquisition of the facilities and equipment of two charter schools existing under FCEF. The Series 2016A Bonds bear interest at 5.125% through June 2026, then at 6.250% through June 2036 and finally at 6.375% through June 2046. Principal and interest will be paid semi-annually on June 15 and December 15. In order to secure the payment of the principal and interest on the Bonds, the Corporation assigned all of its rights and interest in the loan agreement to the Trustee. The Bonds are payable from and secured by a lien upon and pledge of payments to be received by the Trustee.

Upon the occurrence of an event of default as described in the Bond Indenture, the rate of interest on the Bonds shall be adjusted to bear interest at a rate equal to the rate on the Bonds plus three percent (3%) per annum until such event of default has been cured. In addition, the owners of not less than 25% of the bonds outstanding may declare the principal and interest to be immediately due and payable.

The School's share of the annual debt service requirements to maturity for the Series 2016A Bonds is as follows:

Year Ending June 30,	Principal	Interest	Total
2027	\$ 400,000	\$ 1,008,494	\$ 1,408,494
2028	425,000	983,025	1,408,025
2029	450,000	955,994	1,405,994
2030	480,000	927,400	1,407,400
2031	510,000	896,931	1,406,931
2032-2036	3,085,000	3,952,281	7,037,281
2037-2041	4,210,000	2,831,297	7,041,297
2042-2046	6,460,000	1,253,009	7,713,009
	<u>\$ 16,020,000</u>	<u>\$ 12,808,431</u>	<u>\$ 28,828,431</u>

The Bond Indenture requires that the School maintain a school payment coverage ratio of 1.00. As of June 30, 2026, the School is in compliance with this covenant.

Note 9 – Lease Payable

Concurrent with the Series 2016A Bonds issuance (Note 8), Red Apple Development, LLC and subsidiaries ("RAD") entered into two land lease agreements with FCEF. The land, which is owned by RAD, is leased by FCEF on behalf of the schools under a 45-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 as of the implementation date of July 1, 2020. The discount rate used to recognize the lease asset and the lease liability was 5.92%. For the year ended June 30, 2026, the School incurred interest expense of \$ 130,391 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 9 - 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	\$ -	\$ 132,999	\$ 132,999
2028	-	135,659	135,659
2029	-	138,372	138,372
2030	-	141,139	141,139
2031	-	143,962	143,962
2032-2036	-	764,168	764,168
2037-2041	-	843,703	843,703
2042-2046	141,225	790,290	931,515
2047-2051	415,145	613,323	1,028,468
2052-2056	681,655	453,857	1,135,512
2057-2061	1,052,606	201,091	1,253,697
2062	107,945	1,602	109,547
	<u>\$ 2,398,576</u>	<u>\$ 4,360,165</u>	<u>\$ 6,758,741</u>

Note 10 - Note Payable

During the year, the School entered into a note payable arrangement for the purchase of certain computer equipment. The note requires annual payments of \$ 92,316 including principal and interest at 1.900%. Principal and interest payments are due through September 2027.

The following is a schedule of the future minimum payments under the note payable agreement as of June 30, 2026:

Year Ending June 30,	Principal	Interest	Total
2027	\$ 88,905	\$ 3,411	\$ 92,316
2028	90,594	1,722	92,316
	<u>\$ 179,499</u>	<u>\$ 5,133</u>	<u>\$ 184,632</u>

Note 11 - 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
Series 2016 Educational Facilities Revenue Bonds, Bonds, net of unamortized discount of \$ 195,237	\$ 16,195,001	\$ -	\$ 380,000	\$ 9,762	\$ 15,824,763	\$ 400,000
Lease - land	2,398,576	-	-	-	2,398,576	-
Note payable	-	271,815	92,316	-	179,499	88,905
Compensated absences	32,228	513 *	-	-	32,741	24,556
	<u>\$ 18,625,805</u>	<u>\$ 272,328</u>	<u>\$ 472,316</u>	<u>\$ 9,762</u>	<u>\$ 18,435,579</u>	<u>\$ 513,461</u>

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

Note 12 - Commitments

Management agreement: The School has a formal agreement with Charter Schools USA at Clay, 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 bond payment requirements (Note 8). The fee ranges from \$ 1,548,436 for fiscal year 2027 to \$ 2,255,779 for fiscal year 2046 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 \$ 1,442,138 to the School.

The School has an amount of \$ 316,801 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 13 - 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.

Note 13 - Employee Benefit Plan (continued)

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

<u>Years of Service</u>	<u>Vesting Percentage</u>
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 \$ 1,358. For the year ended June 30, 2026, the School contributed a matching amount of \$ 19,021.

Note 14 - 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 \$ 422,483 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 bonds.

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 \$ 640,102 for the 2025/2026 school year which has been recognized as revenue in the accompanying financial statements.

Note 15 - 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 four years.

As disclosed in Note 12, 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

Clay Charter 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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Original vs. Final Budget Variance</u>	<u>Actual</u>	<u>Actual vs. Final Budget Variance</u>
Revenues:					
State sources	\$ 5,960,734	\$ 5,960,734	\$ -	\$ 5,156,937	\$ (803,797)
Local sources	846,499	846,499	-	1,495,101	648,602
Interest income	94,754	94,754	-	85,708	(9,046)
Aftercare	<u>218,377</u>	<u>218,377</u>	<u>-</u>	<u>188,630</u>	<u>(29,747)</u>
Total revenues	<u>7,120,364</u>	<u>7,120,364</u>	<u>-</u>	<u>6,926,376</u>	<u>(193,988)</u>
Expenditures:					
Current:					
Instruction	3,830,860	3,830,860	-	3,354,548	476,312
Student support services	43,717	43,717	-	109,555	(65,838)
Instructional staff training services	63,340	63,340	-	27,362	35,978
Instruction-related technology	198,739	198,739	-	133,584	65,155
Board services	62,864	62,864	-	66,356	(3,492)
School administration	920,090	920,090	-	979,585	(59,495)
Fiscal services	10,600	10,600	-	11,574	(974)
Central services	109,873	109,873	-	168,236	(58,363)
Transportation services	8,125	8,125	-	-	8,125
Operation of plant	1,074,146	1,074,146	-	913,873	160,273
Maintenance of plant	400,567	400,567	-	332,037	68,530
Administrative technology services	-	-	-	50,497	(50,497)
Community services	150,120	150,120	-	143,543	6,577
Capital outlay	522,123	522,123	-	392,358	129,765
Debt service:					
Principal	-	-	-	472,316	(472,316)
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,000</u>	<u>(97,000)</u>
Total expenditures	<u>7,395,164</u>	<u>7,395,164</u>	<u>-</u>	<u>7,252,424</u>	<u>142,740</u>
Excess (deficiency) of revenues over (under) expenditures	(274,800)	(274,800)	-	(326,048)	(51,248)
Other Financing Sources:					
Proceeds from note payable	<u>274,800</u>	<u>274,800</u>	<u>-</u>	<u>271,815</u>	<u>(2,985)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(54,233)	<u>\$ (54,233)</u>
Fund Balance, July 1, 2025				<u>1,972,808</u>	
Fund Balance, June 30, 2026				<u>\$ 1,918,575</u>	

See accompanying notes to budgetary comparison schedules.

Clay Charter 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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Original vs. Final Budget Variance</u>	<u>Actual</u>	<u>Actual vs. Final Budget Variance</u>
Revenues:					
Federal sources:					
National School Lunch Program	\$ 381,593	\$ 381,593	\$ -	\$ 253,029	\$ (128,564)
Title II	14,747	14,747	-	16,158	1,411
Title III	10,921	10,921	-	9,923	(998)
Title IV	8,559	8,559	-	6,900	(1,659)
IDEA	20,705	20,705	-	22,109	1,404
State sources:					
National School Lunch Program	-	-	-	1,956	1,956
Local sources:					
Cafeteria sales	-	-	-	86,264	86,264
Total revenues	<u>436,525</u>	<u>436,525</u>	<u>-</u>	<u>396,339</u>	<u>(40,186)</u>
Expenditures:					
Current:					
Instruction	13,858	13,858	-	12,324	1,534
Instructional staff training services	9,310	9,310	-	19,045	(9,735)
Board services	11,059	11,059	-	-	11,059
School administration	20,705	20,705	-	23,721	(3,016)
Food services	350,227	350,227	-	307,575	42,652
Operation of plant	31,366	31,366	-	33,674	(2,308)
Total expenditures	<u>436,525</u>	<u>436,525</u>	<u>-</u>	<u>396,339</u>	<u>40,186</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>
Fund Balance, July 1, 2025				<u>-</u>	
Fund Balance, June 30, 2026				\$ <u>-</u>	

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

There were no variances between original Budget and final Budget.

Note 3 - Budgetary Highlights between Actual Results and Final Budget

In the General Fund, actual revenues were unfavorable to the final budget for the year ended June 30, 2026, primarily due to state revenues falling below budget by \$ 803,797 due to student enrollment being lower than projected. This unfavorable variance was partially offset by local revenues exceeding budget by \$ 648,602 due to higher-than-anticipated corporate contribution received by the School. Total expenditures were favorable compared to the final budget, primarily due to lower than-budgeted instructional costs resulting from fewer instructional personnel being required because of lower enrollment, as well as lower overhead. These favorable variances were partially offset by unfavorable variances in school administration and central services, which resulted from the need for additional support staff and increased marketing expenditures.

In the Grants Fund, actual revenues were unfavorable compared to the final budget for the year ended June 30, 2026, primarily because the school lunch program revenues were less than anticipated due to student enrollment being lower than projected. This unfavorable variance was partially offset by unbudgeted cafeteria sales. Expenditures were favorable to the final budget primarily due to lower-than-budgeted costs related to the food service program.

OTHER INDEPENDENT AUDITOR'S REPORTS

**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
Clay Charter Academy
Middleburg, 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 Clay Charter Academy (the "School"), a Department of Florida Charter Educational Foundation, Inc. and a component unit of the School District of Clay 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 August 28, 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.

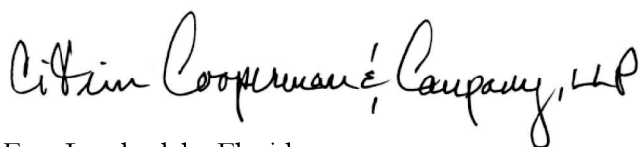
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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.



Fort Lauderdale, Florida
August 28, 2026

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

To the Board of Directors
Clay Charter Academy
Middleburg, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities and each major fund of Clay Charter Academy, Florida, (the "School"), as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated August 28, 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 August 28, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

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 Clay Charter Academy and 100664.

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

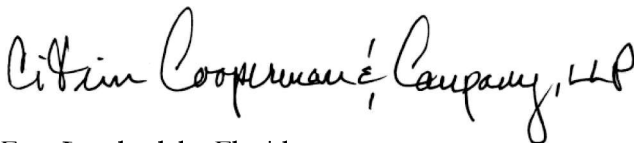
Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with 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.



Fort Lauderdale, Florida
August 28, 2026