

Lakewood Ranch Preparatory Academy

A Department of Southwest Charter
Foundation, Inc.

(A Component Unit of the School
District of Manatee County, Florida)

Basic Financial Statements
For the Year Ended June 30, 2026

Lakewood Ranch Preparatory Academy

Table of Contents

Independent Auditor's Report 1-3

Management's Discussion and Analysis (Not Covered by
Independent Auditor's Report) 4-9

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Position (Deficit) 10

Statement of Activities 11

Fund Financial Statements:

Balance Sheet - Governmental Funds 12

Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position (Deficit) 13

Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds 14

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of the Governmental Funds to the Statement of Activities 15

Notes to Financial Statements 16-27

Required Supplementary Information (Not Covered by Independent Auditor's Report)

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund 28

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Grants Fund 29

Notes to Budgetary Comparison Schedules 30

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* 31-32

Management Letter Required by Chapter 10.850 of the *Rules of the Auditor General*
of the State of Florida 33-34

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lakewood Ranch Preparatory Academy
Lakewood Ranch, 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 the Lakewood Ranch Preparatory Academy (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School District of Manatee 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 its 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 Southwest Charter 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 Southwest Charter 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.

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 9 and the budgetary comparison information on pages 28 through 30 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 September 22, 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
September 22, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Lakewood Ranch Preparatory Academy (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School District of Manatee 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 governmental fund balances were \$ 1,527,897 as compared to \$ 1,275,939 as of June 30, 2025.
- As of June 30, 2026, the School had a net position (deficit) of \$ (1,455,174), as compared to a net position (deficit) of \$ (729,215) 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 10 and 11 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 funds balance sheet and the governmental funds 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 funds financial statements can be found on pages 12 through 15 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 16 through 27 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 \$ 1,455,174 at the close of the most recent fiscal year.

Government-Wide Financial Analysis (continued)

Our analysis in the table below focuses on the net position of the School's governmental activities:

	June 30, 2026	June 30, 2025	Variance
Assets:			
Current and other assets	\$ 2,268,647	\$ 2,945,746	\$ (677,099)
Capital assets, net	<u>47,607,678</u>	<u>49,217,205</u>	<u>(1,609,527)</u>
Total assets	<u>49,876,325</u>	<u>52,162,951</u>	<u>(2,286,626)</u>
Liabilities:			
Other liabilities	1,070,331	2,002,970	(932,639)
Long-term liabilities	<u>50,261,168</u>	<u>50,889,196</u>	<u>(628,028)</u>
Total liabilities	<u>51,331,499</u>	<u>52,892,166</u>	<u>(1,560,667)</u>
Net Position (Deficit):			
Net investment in capital assets	(2,604,450)	(1,626,177)	(978,273)
Restricted	174,128	137,345	36,783
Unrestricted	<u>975,148</u>	<u>759,617</u>	<u>215,531</u>
Total net position (deficit)	<u>\$ (1,455,174)</u>	<u>\$ (729,215)</u>	<u>\$ (725,959)</u>

Current and other assets decreased mainly due to the decrease in the School's cash position as a result of lower FEFP revenues attributable to a decline in student enrollment. Capital assets, net of depreciation and amortization, decreased primarily due to depreciation expense of \$ 2,107,597, partially offset by current year purchases of computer equipment, classroom equipment, and school grounds improvements totaling \$ 498,070. Other liabilities declined primarily due to the paydown of a significant payable to the management company and decrease in accounts payable. Long-term liabilities decreased primarily due to lease payments, partially offset by new note payable borrowings of \$ 130,990.

Governmental Activities: The School's overall net position (deficit) decreased \$ 725,959 from the prior fiscal year. The reasons for this overall decrease are discussed in the following section for governmental activities.

**Lakewood Ranch Preparatory Academy
Management's Discussion and Analysis
June 30, 2026**

Governmental Activities (continued)

Lakewood Ranch Preparatory Academy Change in Net Position (Deficit)			
	June 30, 2026	June 30, 2025	Variance
Revenues:			
Program revenues:			
Charges for services	\$ 619,413	\$ 603,718	\$ 15,695
Operating grants and contributions	1,194,565	1,332,476	(137,911)
Capital grants and contributions	1,601,753	1,552,414	49,339
General revenues:			
FEFP and other nonspecific revenues	9,609,288	12,692,749	(3,083,461)
Interest income	267,956	243,070	24,886
Contributions	3,668,608	1,787,964	1,880,644
Miscellaneous income	25,935	11,052	14,883
Total revenues	16,987,518	18,223,443	(1,235,925)
Functions/Program Expenses:			
Instruction	6,236,837	7,402,757	(1,165,920)
Student support services	487,212	670,189	(182,977)
Instruction and curriculum development services	-	11,889	(11,889)
Instructional staff training services	51,831	111,292	(59,461)
Instruction-related technology	653,986	251,820	402,166
Board services	4,098	48,781	(44,683)
General administration	23,950	-	23,950
School administration	1,215,962	870,675	345,287
Fiscal services	14,529	11,291	3,238
Food services	430,207	486,027	(55,820)
Central services	64,439	71,888	(7,449)
Operation of plant	3,315,658	3,141,202	174,456
Maintenance of plant	579,348	566,079	13,269
Community services	99,970	221,718	(121,748)
Administrative technology services	77,621	-	77,621
Extracurricular activities	428,375	509,974	(81,599)
Interest on long-term debt	4,029,454	4,080,943	(51,489)
Total expenses	17,713,477	18,456,525	(743,048)
Change in net position (deficit)	(725,959)	(233,082)	(492,877)
Net position (deficit) - beginning	(729,215)	(496,133)	(233,082)
Net position (deficit) - ending	\$ (1,455,174)	\$ (729,215)	\$ (725,959)

Governmental Activities (continued)

Total revenues decreased primarily due to a decrease in FEFP revenue of \$ 3,083,461 resulting from the School's decline in enrollment. This decrease was partially offset by higher local capital revenues and contributions received from the management company. Total expenses decreased by \$ 743,048 primarily due to lower staffing costs resulting from decreased enrollment. As a result, the School's net position (deficit) decreased by \$ 725,959 during the fiscal year.

Financial Analysis of Governmental Funds

The General Fund is the chief operating fund of the School. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$ 1,008,271 while total fund balance was \$ 1,353,769. 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 7.20% of total General Fund expenditures, while total fund balance represents 9.66% of that same amount.

The fund balance of the School's General Fund increased by \$ 215,175 during the current fiscal year. The increase was primarily attributable to a contribution received from the management company to help the financial position of the School.

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, and food service operations and related revenues and expenditures.

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

The Club and Activities Fund experienced an increase in fund balance during the current fiscal year, as revenues increased as a result of additional school events and activities.

Significant Capital Asset and Long-Term Financing Activity

Capital Assets: At June 30, 2026, the School had capital assets of \$ 47,607,678 net of accumulated depreciation and amortization, as compared to \$ 49,217,205 at June 30, 2025, invested in lease assets, improvements other than building, computer equipment and furniture, fixtures and equipment. Major capital assets additions for the year included \$ 498,070 for school facilities improvements, computer equipment and classroom furniture. Additional information on the School's capital assets can be found in Note 5 of this report.

Debt: At June 30, 2026, the School had outstanding debt of \$ 50,212,128 as compared with \$ 50,843,382 at June 30, 2025. The decrease is a result of scheduled debt payments in accordance with the lease agreements, partially offset by the new note payable borrowings for the purchase of computers. 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 with 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

Lakewood Ranch Preparatory Academy
Statement of Net Position (Deficit)
June 30, 2026

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 1,767,706
Other receivables	3,880
Due from other governments	149,314
Due from related party	2,249
Prepaid items	314,603
Deposits	30,895
Total current assets	2,268,647
Noncurrent Assets:	
Capital assets (depreciable and amortizable), net of accumulated depreciation and amortization	47,607,678
Total assets	49,876,325
Current Liabilities:	
Accounts payable and accrued expenses	102,050
Salaries and wages payable	545,319
Due to other governments	79,664
Due to management company	5,283
Due to related parties	8,434
Accrued interest payable	329,581
Compensated absences	34,361
Note payable	42,844
Leases payable	780,723
Total current liabilities	1,928,259
Noncurrent Liabilities:	
Compensated absences	14,679
Note payable	43,659
Leases payable	49,344,902
Total noncurrent liabilities	49,403,240
Total liabilities	51,331,499
Net Position (Deficit):	
Net investment in capital assets	(2,604,450)
Restricted for extracurricular activities	174,128
Unrestricted	975,148
Total net position (deficit)	\$ (1,455,174)

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

Lakewood Ranch Preparatory Academy
Statement of Activities
For the Year Ended June 30, 2026

			Program Revenues			Governmental
			Charges	Operating	Capital	Activities
	Expenses	for	Grants and	Grants and	Grants and	Net Revenue
		Services	Contributions	Contributions	Contributions	(Expense) and
						Change in Net
						Position (Deficit)
Functions/Programs:						
Instruction	\$ 6,236,837	\$ -	\$ 526,010	\$ -	\$ -	\$ (5,710,827)
Student support services	487,212	-	-	-	-	(487,212)
Instructional staff training services	51,831	-	5,178	-	-	(46,653)
Instruction-related technology	653,986	-	-	-	-	(653,986)
Board services	4,098	-	-	-	-	(4,098)
General administration	23,950	-	-	-	-	(23,950)
School administration	1,215,962	-	15,153	-	-	(1,200,809)
Fiscal services	14,529	-	-	-	-	(14,529)
Food services	430,207	280,108	132,589	-	-	(17,510)
Central services	64,439	-	-	-	-	(64,439)
Operation of plant	3,315,658	-	-	7,165	-	(3,308,493)
Maintenance of plant	579,348	-	-	33,767	-	(545,581)
Administrative technology services	77,621	-	-	-	-	(77,621)
Community services	99,970	339,305	55,180	-	-	294,515
Extracurricular activities	428,375	-	460,455	-	-	32,080
Interest on long-term debt	4,029,454	-	-	1,560,821	-	(2,468,633)
Total governmental activities	\$ 17,713,477	\$ 619,413	\$ 1,194,565	\$ 1,601,753	-	(14,297,746)
General revenues:						
FEFP and other nonspecific revenues						9,609,288
Interest income						267,956
Contributions						3,668,608
Miscellaneous income						25,935
Total general revenues						13,571,787
Change in net position (deficit)						(725,959)
Net position (deficit), July 1, 2025						(729,215)
Net position (deficit), June 30, 2026						\$ (1,455,174)

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

Lakewood Ranch Preparatory 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	\$ 1,588,596	\$ -	\$ -	\$ 179,110	\$ 1,767,706
Other receivables	3,880	-	-	-	3,880
Due from other governments	-	103,873	45,441	-	149,314
Due from other funds	154,117	-	-	-	154,117
Due from related party	2,249	-	-	-	2,249
Prepaid items	314,603	-	-	-	314,603
Deposits	30,895	-	-	-	30,895
Total assets	<u>\$ 2,094,340</u>	<u>\$ 103,873</u>	<u>\$ 45,441</u>	<u>\$ 179,110</u>	<u>\$ 2,422,764</u>
Liabilities:					
Accounts payable and accrued expenses	\$ 102,050	\$ -	\$ -	\$ -	\$ 102,050
Salaries and wages payable	545,319	-	-	-	545,319
Due to other governments	79,485	179	-	-	79,664
Due to management company	5,283	-	-	-	5,283
Due to related parties	8,434	-	-	-	8,434
Due to other funds	-	103,694	45,441	4,982	154,117
Total liabilities	<u>740,571</u>	<u>103,873</u>	<u>45,441</u>	<u>4,982</u>	<u>894,867</u>
Fund Balances:					
Nonspendable:					
Prepaid items	314,603	-	-	-	314,603
Deposits	30,895	-	-	-	30,895
Restricted for extracurricular activities	-	-	-	174,128	174,128
Unassigned	1,008,271	-	-	-	1,008,271
Total fund balances	<u>1,353,769</u>	<u>-</u>	<u>-</u>	<u>174,128</u>	<u>1,527,897</u>
Total liabilities and fund balances	<u>\$ 2,094,340</u>	<u>\$ 103,873</u>	<u>\$ 45,441</u>	<u>\$ 179,110</u>	<u>\$ 2,422,764</u>

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

Lakewood Ranch 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 \$ 1,527,897

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	\$ 54,137,392	
Accumulated depreciation and amortization	<u>(6,529,714)</u>	47,607,678

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	(49,040)	
Accrued interest payable	(329,581)	
Note payable	(86,503)	
Lease payable	<u>(50,125,625)</u>	<u>(50,590,749)</u>

Net Position (Deficit) of Governmental Activities \$ (1,455,174)

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

Lakewood Ranch 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	\$ -	\$ 563,970	\$ -	\$ -	\$ 563,970
State sources	8,347,074	3,896	716,142	-	9,067,112
Local sources	5,123,001	280,108	885,611	460,455	6,749,175
Aftercare	339,305	-	-	-	339,305
Interest income	263,253	-	-	4,703	267,956
Total revenues	14,072,633	847,974	1,601,753	465,158	16,987,518
Expenditures:					
Current:					
Instruction	5,763,634	73,524	-	-	5,837,158
Student support services	487,212	-	-	-	487,212
Instructional staff training services	46,653	5,178	-	-	51,831
Instruction-related technology	212,038	-	-	-	212,038
Board services	4,098	-	-	-	4,098
General administration	23,950	-	-	-	23,950
School administration	1,200,809	15,153	-	-	1,215,962
Fiscal services	14,529	-	-	-	14,529
Food services	17,510	412,697	-	-	430,207
Central services	64,439	-	-	-	64,439
Operation of plant	2,066,331	-	-	-	2,066,331
Maintenance of plant	545,581	-	33,767	-	579,348
Administrative technology services	57,752	-	-	-	57,752
Community services	99,970	-	-	-	99,970
Extracurricular activities	-	-	-	428,375	428,375
Capital outlay	172,292	318,613	7,165	-	498,070
Debt service:					
Principal	762,244	-	-	-	762,244
Interest	2,472,215	-	1,560,821	-	4,033,036
Total expenditures	14,011,257	825,165	1,601,753	428,375	16,866,550
Excess of revenues over expenditures	61,376	22,809	-	36,783	120,968
Other Financing Sources (Uses):					
Issuance of note payable	130,990	-	-	-	130,990
Transfer in	22,809	-	-	-	22,809
Transfer out	-	(22,809)	-	-	(22,809)
Total other financing sources (uses)	153,799	(22,809)	-	-	130,990
Net change in fund balances	215,175	-	-	36,783	251,958
Fund Balances, July 1, 2025	1,138,594	-	-	137,345	1,275,939
Fund Balances, June 30, 2026	\$ 1,353,769	\$ -	\$ -	\$ 174,128	\$ 1,527,897

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

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

Net Change in Fund Balances - Governmental Funds \$ 251,958

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 depreciation and amortization.

Capital outlays	\$	498,070	
Depreciation and amortization		<u>(2,107,597)</u>	(1,609,527)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position (deficit).	(130,990)
---	-----------

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).	762,244
--	---------

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	(3,226)		
Change in accrued interest payable		<u>3,582</u>	<u>356</u>

Change in Net Position (Deficit) of Governmental Activities	\$		<u>(725,959)</u>
--	-----------	--	-------------------------

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

Note 1 - Organization and Operations

The Southwest Charter Foundation, Inc. (SWCF), was organized in September 2001 as a Florida nonprofit corporation. Lakewood Ranch Preparatory Academy (the "School") is a Department of the SWCF and is established as a charter school for students from kindergarten through twelfth grade in Manatee County. There were 1,040 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 the SWCF, as of June 30, 2026, and its changes in its 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 Manatee County (the "District"). The current charter is effective until June 30, 2027, and may be renewed in increments of five years by mutual written agreement between the School and the District. 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 currently in the process of completing a charter renewal application and expects the charter to be renewed. 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 to expenditures for particular 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 building	10 years
Furniture, fixtures and equipment	5 years
Computer equipment	3 years

The School has recorded right-to-use lease assets as required by GAAP. The right-to-use assets are 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 assets are amortized on a straight-line basis over the life of the related leases.

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(s) 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.

Note 2 - Summary of Significant Accounting Policies (continued)

- 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.
- 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 12.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

Date of Management Review: The School has evaluated subsequent events through September 22, 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 \$ 1,767,706 with bank balance of \$ 1,804,179.

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 \$ 1,554,179 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 and Interfund Transfers

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

Due From/To Other Funds		Amount
Receivable Fund	Payable Fund	
General Fund	Grants Fund	\$ 103,694
General Fund	Capital Projects Fund	45,441
General Fund	Club and Activities Fund	4,982
		<u>\$ 154,117</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.

The composition of interfund transfers for the year ended June 30, 2026, is as follows:

	Transfers In
	General Fund
Transfers Out:	
Grants Fund	\$ <u>22,809</u>

During the year, transfers were used to move grant revenue received in the current year for prior year expenditures to the General Fund.

Lakewood Ranch Preparatory Academy
Notes to Financial Statements
June 30, 2026

Note 5 - 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	\$ 51,031	\$ 7,993	\$ -	\$ 59,024
Furniture, fixtures and equipment	1,084,938	273,986	-	1,358,924
Computer equipment	1,817,522	216,091	-	2,033,613
Lease assets:				
Building	49,938,944	-	-	49,938,944
Furniture, fixtures and equipment	746,887	-	-	746,887
Total capital assets being depreciated/amortized	53,639,322	498,070	-	54,137,392
Accumulated depreciation/ amortization:				
Improvements other than building	9,476	5,447	-	14,923
Furniture, fixtures and equipment	514,786	36,303	-	551,089
Computer equipment	1,312,452	461,817	-	1,774,269
Lease assets:				
Building	2,340,550	1,243,880	-	3,584,430
Furniture, fixtures and equipment	244,853	360,150	-	605,003
Total accumulated depreciation/ amortization	4,422,117	2,107,597	-	6,529,714
Net capital assets being depreciated/amortized	\$ 49,217,205	\$ (1,609,527)	\$ -	\$ 47,607,678

Depreciation and amortization was charged to governmental activities as follows:

Instruction	\$ 396,453
Instruction-related technology	441,948
Operation of plant	1,249,327
Administrative technology services	19,869
Total	\$ 2,107,597

Note 6 Due From/To Related Parties

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

Note 7 - Leases Payable

In May 2023, the Capital Projects Finance Authority (the “Authority”) issued \$ 45,610,000 in Tax-Exempt Educational Facilities Revenue Bonds, Series 2023A and \$ 9,730,000 in Taxable Educational Facilities Revenue Bonds, Series 2023B pursuant to an Indenture of Trust between the Authority and a trustee to make a loan to the Foundation, a division of which the School exists, and Red Apple Development, LLC and Subsidiaries (“RAD”) to finance the acquisition of the facilities for a charter school existing under the Foundation.

In September 2023, the Authority issued an additional \$ 27,025,000 in Tax-Exempt Educational Facilities Revenue Bonds, Series 2023A-2 and \$ 5,130,000 Taxable Educational Facilities Revenue Bonds, Series 2023B-2 pursuant to an Indenture of Trust between the Authority and a trustee to make a loan to the Foundation, a division of which the School exists, and RAD to finance the acquisition of the facilities for a charter school existing under the Foundation.

In order to secure the payment of the principal and interest on the bonds, the Authority assigned all of its rights and interest in the loan agreements to the trustee. The bonds are payable from and secured by a lien upon and pledge of payments to be received by the trustee.

Concurrent with the preceding loan transactions, RAD, through its wholly-owned subsidiaries, entered into a lease agreement with the Foundation. The facilities which are owned by RAD are leased by the Foundation on behalf of the School under a 45-year lease. The lease is deemed to be an intangible right-to-use lease, and the lease payments are based on the debt service requirements of the bonds which extend through June 2030. These payments are made from the revenues received from the District for the operation of the School. The Foundation is obligated under the Indenture to deposit all Charter revenues received from the District and additional revenues, if any, directly with the trustee during the term of the lease. The payments are applied by the trustee to make sinking fund payments and pay for operating expenses.

The lease is through June 2068 and requires debt service payments through June 2030.

Lakewood Ranch Preparatory Academy
Notes to Financial Statements
June 30, 2026

Note 7 - Leases Payable (continued)

The following is a schedule of the School's future lease payments related to the building lease as of June 30, 2026:

Year Ending June 30,	Principal	Interest	Total
2027	\$ 585,000	\$ 3,943,435	\$ 4,528,435
2028	635,000	3,896,084	4,531,084
2029	685,000	3,844,548	4,529,548
2030	47,846,792	3,789,029	51,635,821
	<u>\$ 49,751,792</u>	<u>\$ 15,473,096</u>	<u>\$ 65,224,888</u>

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

In addition to the lease payments noted above, the School is required to pay incremental rent payments to RAD. The incremental rent payments range from \$ 222,246 for fiscal year 2027 to \$ 478,308 for fiscal year 2029. These incremental rent payments are contingent upon the School having available revenues. For the year ended June 30, 2026, \$ 126,136 was paid in incremental rent.

Previously, the School entered into a lease arrangement for certain furniture, fixtures and equipment. The lease requires monthly payments of \$ 18,615, including interest at 9.53%. Principal and interest payments are due through March 2028. The following is a schedule of the School's future lease payments as of June 30, 2026, in connection with this lease:

Year Ending June 30,	Principal	Interest	Total
2027	\$ 195,723	\$ 27,657	\$ 223,380
2028	178,110	8,040	186,150
	<u>\$ 373,833</u>	<u>\$ 35,697</u>	<u>\$ 409,530</u>

Note 8 - Note Payable

During the year, the School entered into a note payable arrangement for the purchase of computer equipment. The note requires annual payments of \$ 44,488 including interest at 1.90% through August 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	\$ 42,844	\$ 1,644	\$ 44,488
2028	43,659	830	44,489
	<u>\$ 86,503</u>	<u>\$ 2,474</u>	<u>\$ 88,977</u>

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	Balance at June 30, 2026	Due Within One Year
Lease - building	\$ 50,291,792	\$ -	\$ 540,000	\$ 49,751,792	\$ 585,000
Lease - furniture, fixtures, and equipment	551,590	-	177,757	373,833	195,723
Note payable	-	130,990	44,487	86,503	42,844
Compensated absences	45,814	3,226 *	-	49,040	34,361
Total	\$ 50,889,196	\$ 134,216	\$ 762,244	\$ 50,261,168	\$ 857,928

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

Note 10 - 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:

<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 ended December 31, 2025, the School had forfeitures of \$ 10,510. For the year ended June 30, 2026, the School contributed a matching amount of \$ 31,397.

Note 11 - Commitments

Management agreement: The School has a formal agreement with Charter Schools USA at Lakewood Ranch, LLC., a wholly owned subsidiary of Charter Schools USA, Inc. ("CSUSA") to manage, staff and operate the School. 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 7). The fee ranges from \$ 1,261,507 for fiscal year 2027 to \$ 6,583,432 for fiscal year 2068 as defined in the agreement or the budgeted amount approved by the Board of Directors based on enrollment and School performance. CSUSA did not receive a fee for the year ended June 30, 2026, and CSUSA contributed \$ 3,668,608 to the School.

The School had an amount due to CSUSA of \$ 5,283 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 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 \$ 716,142 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 principal and interest expenditure.

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 \$ 844,679 for the 2025/2026 school year which has been recognized as revenue in the accompanying financial statements.

Local Capital Outlay Surtax ("LCOS") 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 LCIR award. The School's LCOS totaled \$ 40,932 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 three years.

As disclosed in Note 11, 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

Lakewood Ranch 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

	<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	\$ 11,068,523	\$ 11,068,523	\$ -	\$ 8,347,074	\$ (2,721,449)
Local sources	2,456,377	2,456,377	-	5,123,001	2,666,624
Aftercare	277,947	277,947	-	339,305	61,358
Interest income	243,021	243,021	-	263,253	20,232
Total revenues	<u>14,045,868</u>	<u>14,045,868</u>	<u>-</u>	<u>14,072,633</u>	<u>26,765</u>
Expenditures:					
Current:					
Instruction	6,038,679	6,038,679	-	5,763,634	275,045
Student support services	623,895	623,895	-	487,212	136,683
Instructional staff			-		
training services	102,198	102,198	-	46,653	55,545
Instruction-related technology	273,684	273,684	-	212,038	61,646
Board services	78,243	78,243	-	4,098	74,145
General administration	-	-	-	23,950	(23,950)
School administration	1,275,112	1,275,112	-	1,200,809	74,303
Fiscal services	11,162	11,162	-	14,529	(3,367)
Food services	34,081	34,081	-	17,510	16,571
Central services	551,822	551,822	-	64,439	487,383
Operation of plant	1,869,341	1,869,341	-	2,066,331	(196,990)
Maintenance of plant	409,958	409,958	-	545,581	(135,623)
Administrative technology					
services	-	-	-	57,752	(57,752)
Community services	70,000	70,000	-	99,970	(29,970)
Capital outlay	273,624	273,624	-	172,292	101,332
Debt service:					
Principal	762,025	762,025	-	762,244	(219)
Interest	1,644,823	1,644,823	-	2,472,215	(827,392)
Total expenditures	<u>14,018,647</u>	<u>14,018,647</u>	<u>-</u>	<u>14,011,257</u>	<u>7,390</u>
Excess of revenues over expenditures	<u>27,221</u>	<u>27,221</u>	<u>-</u>	<u>61,376</u>	<u>34,155</u>
Other Financing Sources:					
Issuance of note payable	132,800	132,800	-	130,990	(1,810)
Transfer in	-	-	-	22,809	22,809
Total other financing sources	<u>132,800</u>	<u>132,800</u>	<u>-</u>	<u>153,799</u>	<u>20,999</u>
Net change in fund balance	\$ <u>160,021</u>	\$ <u>160,021</u>	\$ <u>-</u>	<u>215,175</u>	\$ <u>55,154</u>
Fund Balance, July 1, 2025				<u>1,138,594</u>	
Fund Balance, June 30, 2026				\$ <u>1,353,769</u>	

See the accompanying notes to the budgetary comparison schedules.

Lakewood Ranch 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

	<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	\$ 452,181	\$ 452,181	\$ -	\$ 128,693	\$ (323,488)
Title II	5,070	5,070	-	6,476	1,406
Title IV	19,317	19,317	-	21,103	1,786
IDEA	26,852	26,852	-	23,395	(3,457)
CSP Grant	3,860	3,860	-	384,303	380,443
State sources:					
National School Lunch Program	-	-	-	3,896	3,896
Local sources:					
Cafeteria sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>280,108</u>	<u>280,108</u>
Total revenues	<u>507,280</u>	<u>507,280</u>	<u>-</u>	<u>847,974</u>	<u>340,694</u>
Expenditures:					
Current:					
Instruction	18,028	18,028	-	73,524	(55,496)
Instructional staff					
training services	13,400	13,400	-	5,178	8,222
School administration	19,811	19,811	-	15,153	4,658
Food services	452,181	452,181	-	412,697	39,484
Capital outlay	<u>3,860</u>	<u>3,860</u>	<u>-</u>	<u>318,613</u>	<u>(314,753)</u>
Total expenditures	<u>507,280</u>	<u>507,280</u>	<u>-</u>	<u>825,165</u>	<u>(317,885)</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,809</u>	<u>22,809</u>
Other Financing Uses:					
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,809)</u>	<u>(22,809)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance, July 1, 2025				<u>-</u>	
Fund Balance, June 30, 2026				<u>\$ -</u>	

See the accompanying notes to the 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 and final budget for the General Fund or the Grants Fund.

Note 3 - Budgetary Highlights between Actual Results and Final Budget

In the General Fund, actual revenues were unfavorable compared to the final budget for the year ended June 30, 2026, primarily because enrollment was lower than projected, resulting in state source revenues falling below budget by \$ 2,721,449. This unfavorable variance was partially offset by local revenues exceeding budget by \$ 2,666,624 due to higher than anticipated corporate contributions. Total expenditures were favorable compared to the final budget, primarily due to lower than budgeted instructional costs and central services resulting from reduced instructional personnel expenditures and central service fees associated with lower enrollment. This favorable variance was partially offset by interest expenditures exceeding the budget due to lower than anticipated capital outlay funding, requiring the General Fund to cover a larger portion of interest expenditures.

In the Grants Fund, actual revenues were favorable compared to the final budget for the year ended June 30, 2026, primarily due to higher-than-anticipated revenues received from the CSP grant and the student lunch program as a result of greater participation than anticipated. Expenditures were unfavorable compared to the final budget, primarily due to capital expenditures funded by the CSP grant that were used to purchase classroom furniture and computer equipment for the School that was not included in the budget.

Note 4 - Excesses of Expenditures over Appropriations

In the Grants Fund, expenditures for the year ended June 30, 2026, exceeded appropriations by \$ 317,885. These over-expenditures were funded by greater than anticipated revenues.

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
Lakewood Ranch Preparatory Academy
Lakewood Ranch, 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 Lakewood Ranch Preparatory Academy (the "School"), a Department of Southwest Charter Foundation, Inc. and a component unit of the School District of Manatee 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 September 22, 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.

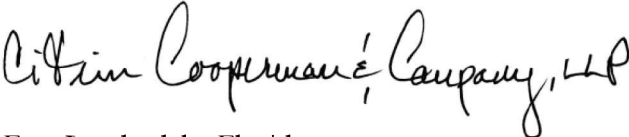
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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
September 22, 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
Lakewood Ranch Preparatory Academy
Lakewood Ranch, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities and each major fund of Lakewood Ranch Preparatory Academy, (the "School"), as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated September 22, 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 September 22, 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 Lakewood Ranch Preparatory Academy and 412182.

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

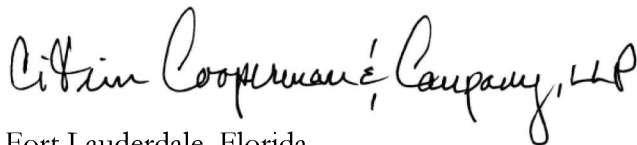
Sections 10.854(1)(e)7. and 10.855(13), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with 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, the School District of Manatee County, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Fort Lauderdale, Florida
September 22, 2026