

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORTS THEREON**

**FOR THE PERIOD FROM JULY 1, 2025
THROUGH DECEMBER 29, 2025**



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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the financial report of Nap Ford Community School, Inc. - Legends Academy (the "School") presents management's discussion and analysis of the School's financial performance during the period ended December 29, 2025. Please read it in conjunction with the School's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The School's total net position increased as compared to the prior period.
- During the current period, the School's revenues exceeded expenses by \$1,992,695, which is an increase from the prior period when revenues exceeded expenses by \$91,683.
- Overall, revenues (including the lease extinguishment gain and sale-leaseback gain) increased by approximately \$1,514,000, which was a 45% increase from the prior period.
- Overall, expenses (including the impairment loss) decreased by approximately \$387,000, which was a 12% decrease from the prior period.
- Total assets and deferred outflows of resources were \$955,750, and total liabilities and deferred inflows of resources were \$2,619,735, resulting in net position of \$(1,663,985) as of December 29, 2025.
- Effective December 29, 2025, the School voluntarily terminated its charter agreement with the District School Board of Orange County, Florida.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
 - The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

This document also includes the 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*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

The following table summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

	Government-wide Statements	Fund Statements Governmental Funds
Scope	Entire School	The activities of the School that are not proprietary or fiduciary
Required financial statements	Statement of net position Statement of activities	Balance sheet – governmental funds Statement of revenues, expenditures and changes in fund balances – governmental funds
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets/deferred outflows of resources expected to be used up and liabilities/deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-wide Financial Statements

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the School's net position and how it has changed. Net position - the difference between the School's assets and deferred outflows of resources and its liabilities and deferred inflows of resources - is one way to measure the School's financial condition. Over time, increases or decreases in the School's net position are an indicator of whether its financial condition is improving or deteriorating, respectively. To assess the overall health of the School, one needs to consider additional nonfinancial factors such as changes in the School's student base, the quality of the education and the safety of the School.

The government-wide financial statements of the School are generally divided into three categories:

Governmental Activities – Most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.

Business-Type Activities – In certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.

Component Units – There currently are no component units included within the reporting entity of the School.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the School may establish other funds to control and manage money for particular purposes, such as for federal grants.

The School has one type of fund:

Governmental Funds – Most of the School's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the differences between them.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Effective December 29, 2025, the School ceased operations. As a result, the School determined that its capital assets no longer provided service utility, giving rise to the recognition of an impairment loss on certain capital assets, which is reported as a special item in the accompanying statement of activities. In addition, the closure led to the termination of the facility lease originating from the prior year sale-leaseback transaction, resulting in the extinguishment of the related lease liability and the recognition of a gain, which is also reported as a special item. Upon termination of the lease, the deferred inflow of resources recorded in the prior year for the portion of the sale-leaseback gain attributable to the leaseback was recognized in full during the current period and also reported as a special item.

Net Position

The School's combined net position as of December 29, 2025 and June 30, 2025 is summarized as follows – see table below:

	Governmental Activities		
	December 29, 2025	June 30, 2025	Increase (Decrease)
Current and other assets	\$ 203,836	\$ 656,452	-69%
Capital assets, net	274,981	269,704	2%
Deferred outflows of resources	476,933	396,933	20%
Total assets and deferred outflows	955,750	1,323,089	-28%
Current and other liabilities	51,562	97,654	-47%
Long-term liabilities	2,023,412	1,648,593	23%
Deferred inflows of resources	544,761	3,233,522	-83%
Total liabilities and deferred inflows	2,619,735	4,979,769	-47%
Net position:			
Net investment in capital assets	(167,392)	202,150	183%
Unrestricted	(1,496,593)	(3,858,830)	61%
Total net position	\$ (1,663,985)	\$ (3,656,680)	54%

Current and other assets decreased due to the timing of cash receipts and cash disbursements near period-end. Deferred outflows of resources changed due to the School's contributions subsequent to the measurement date of the pension liability. Current and other liabilities changed due to the timing of payments at period-end. Long-term liabilities increased primarily due to new lease obligations for building and equipment, net of the gain recognized on the extinguishment of the facility lease upon School closure and the payments made in the current period. Deferred inflows of resources decreased due to the recognition of the sale-leaseback gain in the current period. Total net position changed due to the result of the current period operations and the activity noted above.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

Change in Net Position

The School's total revenues (including the lease extinguishment gain and sale-leaseback gain) increased by 45% to \$4,870,931, and the total cost of all programs and services (including the impairment loss) decreased by 12% to \$2,878,236 – see table below.

	Governmental Activities		
	December 29, 2025	June 30, 2025	Increase (Decrease)
Revenues:			
Federal sources passed through local school district	\$ 345,434	\$ 761,298	-55%
State and local sources	1,049,181	2,185,515	-52%
Contributions and other revenue	762,703	410,005	86%
Total revenues	<u>2,157,318</u>	<u>3,356,818</u>	<u>-36%</u>
Expenses:			
Instruction	1,019,147	1,881,715	-46%
Instruction-related technology	42,114	51,182	-18%
Board	71,035	61,663	15%
General administration	51,231	98,784	-48%
School administration	95,274	210,115	-55%
Facilities acquisition and construction	-	30,524	-100%
Fiscal services	28,242	157,953	-82%
Food services	112,412	214,626	-48%
Operation and maintenance of plant	357,872	551,055	-35%
Interest	63,905	7,518	750%
Total expenses	<u>1,841,232</u>	<u>3,265,135</u>	<u>-44%</u>
Special item - impairment loss	(1,037,004)	-	-100%
Special item - lease extinguishment gain	258,657	-	100%
Special item - sale-leaseback gain	2,454,956	-	100%
Change in net position	<u>\$ 1,992,695</u>	<u>\$ 91,683</u>	<u>2073%</u>

Federal sources passed through the local school district and state and local sources decreased consistent with the reduced level of operations in the current period compared to a full fiscal year in the prior period. Contributions and other revenue changed due to increased contributions in the current period.

Instruction, general administration, school administration, food services and operation and maintenance of plant decreased consistent with the reduced level of operations in the current period compared to a full fiscal year in the prior period. Fiscal services changed primarily due to decreased payroll and related costs resulting from employee retirement in the current period. Interest increased due to the new facility lease that started and terminated in the current period.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

During the current period, the School recognized an impairment loss on certain capital assets in connection with its closure, as the carrying values of those assets exceeded their fair values. No such impairment occurred in the prior year. The closure also resulted in the recognition of a gain on termination of the facility lease and the recognition of the previously deferred gain from the prior year sale-leaseback transaction.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the period, its governmental funds reported a combined fund balance of \$152,274. Both revenues and expenditures changed for the same reasons described above.

General Fund Budgetary Highlights

For the period ended December 29, 2025, actual general fund revenues were approximately \$1,813,000 below the final budget, which represents a budget variance of 51%. The variance was primarily due to the School operating for only approximately six months during the current period. Actual general fund expenditures were approximately \$1,517,000 above the final budget, which represents a 42% budget variance. The variance was primarily due to costs associated with the new facility lease that were not reflected in the budget. Excluding leases in the current period, general fund expenditures were approximately \$1,406,000 below the final budget, which represents a favorable 39% budget variance. The original budget was not updated due to the School closure.

Special Revenue Fund Budgetary Highlights

For the period ended December 29, 2025, actual special revenue fund revenues and expenditures were approximately \$161,000 below the final budget, which represents a budget variance of 32%. This variance was primarily due to the School operating for only approximately six months during the current period.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The School's investment in capital assets as of December 29, 2025 amounts to \$274,981 (net of accumulated depreciation). See table below:

	Governmental Activities		Increase (Decrease)
	December 29, 2025	June 30, 2025	
Construction in progress	\$ -	\$ 175,412	-100%
Leasehold improvements	303,538	249,593	22%
Furniture, fixtures and equipment	694,393	464,987	49%
Less: accumulated depreciation	(722,950)	(620,288)	-17%
Total capital assets, net	<u>\$ 274,981</u>	<u>\$ 269,704</u>	<u>2%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

This period's major capital asset additions include the following:

- Leased facility - \$2,531,936
- Leasehold improvements - \$444,417
- Leased computer devices - \$391,607
- Furniture, fixtures and equipment - \$309,919

This period's major capital asset disposals include the following:

- Leased facility - \$2,531,936

During the period ended December 29, 2025, the School evaluated certain assets for impairment and determined the carrying values of those assets exceeded their fair value. As a result, the School recorded an impairment loss of \$1,037,004 in the current period.

More detailed information about the School's capital assets is presented in Note 4 to the financial statements.

Long-term Debt

As of December 29, 2025, the School had \$2,023,412 in long-term liabilities outstanding consisting of compensated absences, lease liabilities and pension liability. This period's major long-term liability changes includes lease liabilities of \$2,531,936 and \$391,607 for leased facility and leased computer devices, respectively, offset by the extinguishment of the facility lease.

More detailed information about the School's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Going Concern – Termination of Operations

On December 29, 2025, the School voluntarily terminated its charter agreement with the District School Board of Orange County, Florida and has ended all operations. This action raises substantial doubt about the School's ability to continue as a going concern. Additional information is presented in Note 10 to the financial statements.

There has been no budget prepared for the future as the School ceased operations.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at P.O. Box 2031, Orlando, Florida 32802.

INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

To the Board of Directors of
Nap Ford Community School, Inc. – Legends Academy

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 Nap Ford Community School, Inc. – Legends Academy (the "School") as of December 29, 2025 and for the period from July 1, 2025 through December 29, 2025 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 Nap Ford Community School, Inc. – Legends Academy as of December 29, 2025 and the respective changes in financial position thereof for the period from July 1, 2025 through December 29, 2025 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Substantial Doubt about the School's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the School will continue as a going concern. As discussed in Note 10 to the financial statements, the School has ended all operations. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 10. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 – 7, the budgetary comparison information on pages 32 – 33 and the pension information on pages 34 – 35 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 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.

BKHM, P.A.

Orlando, Florida
February 10, 2026

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

STATEMENT OF NET POSITION

DECEMBER 29, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 127,035
Accounts receivable	61,477
Endowment	15,324
Capital assets, net	274,981
Total assets	478,817
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows of resources	476,933
Total assets and deferred outflows of resources	<u>\$ 955,750</u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 51,562
Long-term liabilities:	
Due within one year	153,134
Due in more than one year	1,870,278
Total liabilities	2,074,974
DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows of resources	544,761
Total deferred inflows of resources	544,761
NET POSITION	
Net investment in capital assets	(167,392)
Unrestricted	(1,496,593)
Total net position	(1,663,985)
Total liabilities, deferred inflows of resources and net position	<u>\$ 955,750</u>

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

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

STATEMENT OF ACTIVITIES

FOR THE PERIOD FROM JULY 1, 2025 THROUGH DECEMBER 29, 2025

		Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for	Operating	Capital	
	Expenses	Services	Grants and	Grants and	Governmental
			Contributions	Contributions	Activities
					Total
Governmental activities:					
Instruction	\$ 1,019,147	\$ -	\$ 256,718	\$ -	\$ (762,429)
Instruction-related technology	42,114	-	-	-	(42,114)
Board	71,035	-	-	-	(71,035)
General administration	51,231	-	-	-	(51,231)
School administration	95,274	-	-	-	(95,274)
Fiscal services	28,242	-	-	-	(28,242)
Food services	112,412	-	88,716	-	(23,696)
Operation and maintenance of plant	357,872	-	-	-	(357,872)
Community services	-	10,864	-	-	10,864
Interest	63,905	-	-	-	(63,905)
Total primary government	<u>\$ 1,841,232</u>	<u>\$ 10,864</u>	<u>\$ 345,434</u>	<u>\$ -</u>	<u>(1,484,934)</u>
General revenues:					
State and local sources					1,049,181
Contributions and other revenue					751,839
Total general revenues					<u>1,801,020</u>
Special item - impairment loss (see Note 4)					(1,037,004)
Special item - lease extinguishment gain (see Note 6)					258,657
Special item - sale-leaseback gain (see Note 6)					<u>2,454,956</u>
Change in net position					1,992,695
Net position at beginning of period					<u>(3,656,680)</u>
Net position at end of period					<u>\$ (1,663,985)</u>

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

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 29, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 127,035	\$ -	\$ -	\$ 127,035
Accounts receivable	-	45,329	16,148	61,477
Due from other governmental funds	61,477	-	-	61,477
Endowment	15,324	-	-	15,324
Total assets	<u>\$ 203,836</u>	<u>\$ 45,329</u>	<u>\$ 16,148</u>	<u>\$ 265,313</u>
LIABILITIES				
Accounts payable and accrued expenditures	\$ 51,562	\$ -	\$ -	\$ 51,562
Due to general fund	-	45,329	16,148	61,477
Total liabilities	<u>51,562</u>	<u>45,329</u>	<u>16,148</u>	<u>113,039</u>
FUND BALANCES				
Unassigned	152,274	-	-	152,274
Total fund balances	<u>152,274</u>	<u>-</u>	<u>-</u>	<u>152,274</u>
Total liabilities and fund balances	<u>\$ 203,836</u>	<u>\$ 45,329</u>	<u>\$ 16,148</u>	<u>\$ 265,313</u>

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

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

DECEMBER 29, 2025

Total fund balances - total governmental funds	\$ 152,274
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$997,931 and the accumulated depreciation is \$722,950.	274,981
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Amounts accrued for compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(32,124)
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The following pension related balances do not use current resources or are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Pension related deferred outflows of resources	476,933
Net pension liability	(1,548,915)
Pension related deferred inflows of resources	(544,761)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end include:

Lease liabilities	<u>(442,373)</u>
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Total net position - governmental activities	<u><u>\$ (1,663,985)</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

FOR THE PERIOD FROM JULY 1, 2025 THROUGH DECEMBER 29, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Federal sources passed through local school district	\$ -	\$ 345,434	\$ -	\$ 345,434
State and local sources	1,000,559	-	48,622	1,049,181
Contributions and other revenue	762,703	-	-	762,703
Total revenues	<u>1,763,262</u>	<u>345,434</u>	<u>48,622</u>	<u>2,157,318</u>
EXPENDITURES				
Current:				
Instruction	760,047	256,718	-	1,016,765
Instruction-related technology	42,114	-	-	42,114
Board	71,035	-	-	71,035
General administration	51,231	-	-	51,231
School administration	88,631	-	-	88,631
Facilities acquisition and construction	2,976,353	-	-	2,976,353
Fiscal services	28,242	-	-	28,242
Food services	23,696	88,716	-	112,412
Operation and maintenance of plant	328,250	-	48,622	376,872
Debt service:				
Principal	16,788	-	-	16,788
Interest	6,416	-	-	6,416
Other capital outlay	700,526	-	-	700,526
Total expenditures	<u>5,093,329</u>	<u>345,434</u>	<u>48,622</u>	<u>5,487,385</u>
Deficiency of revenues over expenditures	<u>(3,330,067)</u>	<u>-</u>	<u>-</u>	<u>(3,330,067)</u>
OTHER FINANCING SOURCES				
Proceeds from lease	2,923,543	-	-	2,923,543
Total other financing sources	<u>2,923,543</u>	<u>-</u>	<u>-</u>	<u>2,923,543</u>
Net change in fund balances	(406,524)	-	-	(406,524)
Fund balances at beginning of period	558,798	-	-	558,798
Fund balances at end of period	<u>\$ 152,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,274</u>

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

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE PERIOD FROM JULY 1, 2025 THROUGH DECEMBER 29, 2025

Net changes in fund balances - total governmental funds	\$ (406,524)
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Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$3,676,879) exceed depreciation expense, net of amortization of the deferred inflow related to the sale-leaseback gain (\$89,025) in the current period.	3,587,854
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Accrued interest on the facility lease is recorded as a liability and expense in the government-wide financial statements, whereas in the governmental funds the activity is not reported because interest expenditures are recognized only when due and payable.	(57,489)
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Pension income or expense resulting from GASB 68 included in the statement of activities does not provide or require the use of current financial resources and, therefore, is not reported as a net change in fund balances in the governmental funds.	80,000
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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.	(2,923,543)
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Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position. This includes certain lease deposit forfeitures recognized in the current period.	35,788
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In the statement of activities, the impairment loss on capital assets is reported, whereas in the governmental funds the capital asset was reported as an expenditure when purchased. Thus, the change in net position differs from the change in fund balance by the amount of the impairment loss.	(1,037,004)
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In the statement of activities, the gain upon termination of the facility lease is reported, whereas in the governmental funds no gain is reported because long-term lease liabilities do not represent current financial resources.	258,657
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Governmental funds do not report deferred inflows of resources related to sale-leaseback transactions. This amount represents the recognition in the statement of activities of the gain from the prior year sale-leaseback of the School's property, that had been deferred and was recognized upon termination of the related lease.	2,454,956
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Change in net position of governmental activities	\$ 1,992,695
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The accompanying notes to financial statements are an integral part of this statement.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM JULY 1, 2025 THROUGH DECEMBER 29, 2025

1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Nap Ford Community School, Inc. (the "Company") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act and Section 1002.33, Florida Statutes. Legends Academy (the "School") operated as part of the Company. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of eight members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Orange County, Florida (the "School Board"). The current charter is effective until June 30, 2031 and may be renewed in increments of five or fifteen years by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds, except capital outlay funds, revert back to the School Board. Any unencumbered capital outlay funds revert back to the Florida Department of Education ("FDOE") to be distributed among eligible charter schools. The School meets the definition of a governmental entity under the Governmental Accounting Standards Board's ("GASB") accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units of the School which should be reported with the School's basic financial statements are identified and described in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

Basis of Presentation

The School's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the GASB. Accordingly, both government-wide and fund financial statements are presented.

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use or directly benefit from goods, services or privileges provided by a given function. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

The government-wide financial statements of the School are generally divided into three categories:

Governmental Activities – Most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.

Business-Type Activities – In certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.

Component Units – There currently are no component units included within the reporting entity of the School.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purpose for which they are spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

Governmental Funds:

General Fund – To account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund – To account for the proceeds of specific revenue sources and grants that are restricted by law or administrative action to expenditure for specific purposes and to provide a single source of accountability for all funds received.

Capital Projects Fund – To account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.

For purposes of these statements, the general, special revenue and capital projects funds are considered major funds. There are no other governmental funds.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Basis of Accounting

Basis of accounting refers to when revenues and expenses/expenditures 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 presented using the accrual basis of accounting and an economic resources focus. Under the accrual basis of accounting, revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

Budgetary Basis Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal period, expenditures were controlled at the fund level.

Cash and Cash Equivalents

Investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents. The School maintains its cash accounts in financial institutions subject to insurance coverage issued by the Federal Deposit Insurance Corporation (the "FDIC"). Under FDIC rules, the School is entitled to aggregate coverage of \$250,000 per account type per separate legal entity per financial institution. As of December 29, 2025, all cash balances were fully insured by the FDIC.

Receivables

Receivables consist of amounts due from governmental agencies for various programs. Allowances are reported when management estimates that accounts may be uncollectible.

Capital Assets and Depreciation

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Purchased capital assets are reported at cost, net of accumulated depreciation, in the government-wide financial statements. Donated assets are recorded at fair value at the date of donation.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u>Years</u>
Leased facility	5
Leasehold improvements	3 - 5
Furniture, fixtures and equipment	3 - 5

Information relative to changes in capital assets is described in Note 4.

Compensated Absences

Compensated absences (i.e. paid absences for employee vacation leave and sick leave) are recorded as expenditures in governmental funds when leave is used or when accrued as payable to employees entitled to cash payment in lieu of taking leave. In the government-wide financial statements, compensated absences are recorded as an expense when earned by the employees. The liability for compensated absences is classified as a long-term liability that is due within one year because the amount of vacation and sick time to be used after the following year cannot be reasonably estimated. Information relative to changes in long-term liabilities is described in Note 6.

Long-term Liabilities

Long-term obligations that will be financed by resources to be received in the future by the governmental funds are reported in the government-wide financial statements, not in the governmental funds. Information relative to changes in long-term liabilities is described in Note 6.

Fund Balance Spending Policy

The School's adopted spending policy is to spend from the restricted fund balance first, followed by committed, assigned, then the unassigned fund balance. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the Board of Directors. The Board of Directors has delegated authority to assign funds to the Executive Director. There are no minimum fund balance requirements for any of the School's funds.

Revenue Sources

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the School's charter. As such, the School's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the FDOE by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to the School Board.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School Board receives a 5% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying financial statements.

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

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, any unexpended amounts are reflected as restricted net position and restricted fund balance in the accompanying financial statements.

Income Taxes

The Company is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date of the statement of net position and the balance sheet – governmental funds and affect revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

Subsequent Events

The School has evaluated subsequent events through February 10, 2026, the date these financial statements were available to be issued.

2 ACCOUNTS RECEIVABLE

Accounts receivable in the accompanying financial statements include \$61,477 in amounts due from governmental agencies. Based on the collectibility of funds from these sources, the School believes that an allowance for uncollectible receivables is not considered necessary.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

3 INTERFUND ACTIVITIES

Due to/from other funds consisted of the following balances as of December 29, 2025:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 61,477	\$ -
Special revenue fund	-	45,329
Capital projects fund	-	16,148
Total interfund	<u>\$ 61,477</u>	<u>\$ 61,477</u>

The amounts payable by the special revenue fund and the capital projects fund to the general fund are to cover temporary cash shortages related to the timing of receipts.

4 CHANGES IN CAPITAL ASSETS

Capital asset activity during the period ended December 29, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 175,412	\$ -	\$ (175,412)	\$ -
Total capital assets not being depreciated	<u>175,412</u>	<u>-</u>	<u>(175,412)</u>	<u>-</u>
Capital assets being depreciated:				
Leased facility	-	2,531,936	(2,531,936)	-
Leasehold improvements	249,593	619,829	(565,884)	303,538
Furniture, fixtures and equipment	464,987	700,526	(471,120)	694,393
Total capital assets being depreciated	<u>714,580</u>	<u>3,852,291</u>	<u>(3,568,940)</u>	<u>997,931</u>
Less accumulated depreciation for:				
Leased facility	-	(220,168)	220,168	-
Leasehold improvements	(249,592)	(53,946)	-	(303,538)
Furniture, fixtures and equipment	(370,696)	(48,716)	-	(419,412)
Total accumulated depreciation	<u>(620,288)</u>	<u>(322,830)</u>	<u>220,168</u>	<u>(722,950)</u>
Capital assets being depreciated, net	<u>94,292</u>	<u>3,529,461</u>	<u>(3,348,772)</u>	<u>274,981</u>
Governmental activities capital assets, net	<u>\$ 269,704</u>	<u>\$ 3,529,461</u>	<u>\$ (3,524,184)</u>	<u>\$ 274,981</u>

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

As a result of the School closure effective December 29, 2025, the School evaluated certain assets for impairment and determined the carrying values of those assets exceeded their fair value. The School recorded an impairment loss of \$1,037,004 to lower the carrying amount of the leased facility, leasehold improvements and furniture, fixtures and equipment, which is included as a special item in the accompanying statement of activities.

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 295,146
School administration	<u>27,684</u>
Total governmental activities depreciation expense	<u><u>\$ 322,830</u></u>

5 COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable as of December 29, 2025 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Legal Matters

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

Risk Management Program

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

6 LONG-TERM LIABILITIES

Long-term liabilities activity during the period ended December 29, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 32,124	\$ -	\$ -	\$ 32,124	\$ 32,124
Lease liabilities	67,554	2,923,543	(2,548,724)	442,373	121,010
Net pension liability	1,548,915	-	-	1,548,915	-
Governmental activities, long-term liabilities	<u>\$ 1,648,593</u>	<u>\$ 2,923,543</u>	<u>\$ (2,548,724)</u>	<u>\$ 2,023,412</u>	<u>\$ 153,134</u>

Compensated absences and the pension liability are presented net. Lease liabilities are typically liquidated first with capital projects fund resources, when available, and then with general fund resources.

Lease Liabilities

The Company leases equipment used by the School in agreements that expire between October 2028 and October 2029. The leases require monthly principal and interest payments of approximately \$14,200. The discount rate used for these leases ranged between 9.5% and 10.5%. During the current period, as a result of the School ceasing operations, management determined that the leased assets no longer provide service utility. Accordingly, the related leased assets were fully impaired and written down to zero in the accompanying financial statements. The related lease liability remains outstanding at period-end since the School is obligated to continue with the lease payments under these agreements.

Future debt service requirements related to leases are as follows:

Reporting Period Ended June 30,	Principal	Interest	Total
2026	\$ 121,010	\$ 25,768	\$ 146,778
2027	124,133	25,217	149,350
2028	136,452	12,897	149,349
2029	60,778	1,451	62,229
	<u>\$ 442,373</u>	<u>\$ 65,333</u>	<u>\$ 507,706</u>

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Sale-leaseback Agreement

During the current period, the facility lease associated with the prior year sale-leaseback transaction commenced on September 10, 2025, at which time a right-of-use asset and related lease liability were recognized in the amount of \$2,531,936. Effective December 29, 2025, the School ceased operations and, in accordance with the lease agreement, the lease was terminated. As a result, the lease liability and right-of-use asset were extinguished, and a gain on lease termination in the amount of \$258,657 was recognized and included as a special item in the accompanying financial statements. In addition, the unamortized portion of the deferred inflow of resources recorded in the prior year resulting from the sale-leaseback transaction in the amount of \$2,454,956 was recognized and also included as a special item in the accompanying financial statements.

7 PENSION PLANS

Pension Plan Descriptions

The Florida Department of Management Services, Division of Retirement ("Division"), is part of the primary government of the State of Florida and is responsible for administering the Florida Retirement System Pension Plan and Other State-Administered Systems ("System"). The School participates in two defined benefit plans administered by the Division. The Division issued a publicly-available, audited annual comprehensive financial report ("ACFR") on behalf of the System that includes financial statements, notes and required supplementary information for each of the pension plans. Detailed information about the plans is provided in the ACFR, which is available online or by contacting the Division.

The Florida Retirement System ("FRS") Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program ("DROP") available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Retirees receive a lifetime pension benefit with joint and survivor payment options.

FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

The Retiree Health Insurance Subsidy ("HIS") Program is a non-qualified, cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist eligible retirees and surviving beneficiaries of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2024, retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$7.50. The payments are at least \$45 but not more than \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Employee contributions required pursuant to section 121.71(3), Florida Statutes, are accounted for by the FRS as employer-paid employee contributions and are treated as employer contributions under 26 U.S.C. s. 414(h)(2) allowing these contributions to be deducted on a pre-tax basis. Pension expense reported by the School is reduced by these amounts.

Total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes. Employer contributions reflected in the financial statements represent contributions specific to each defined benefit plan and do not equal total blended contributions remitted by the employer.

Contribution rates were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3%	13.63%
Florida Retirement System, Reemployed Retiree	(B)	(B)

(A) Employer rates include 2% for the Retiree Health Insurance Subsidy and 0.06% for administration of the Florida Retirement System Investment Plan and provision of educational tools for both plans, and any applicable unfunded actuarial liability rates.

(B) Contribution rates are dependent upon the retirement class in which reemployed.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Information about the Employer's Proportionate Share of the Collective Net Pension Liability

Assumptions and Other Inputs

The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The Division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan's GASB 67 valuation is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2024 for the period July 1, 2018, through June 30, 2023. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table.

The following changes in actuarial assumptions occurred in 2024:

- All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meetings in October 2024.
- The coverage election assumptions were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its October 2024 meeting.
- The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability if the discount rate was 1% lower or 1% higher than the current discount rate as of June 30, 2024:

School's Proportionate Share of FRS Net Pension Liability			School's Proportionate Share of HIS Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
5.70%	6.70%	7.70%	2.93%	3.93%	4.93%
\$ 1,626,509	\$ 924,697	\$ 336,780	\$ 710,592	\$ 624,218	\$ 552,514

The Pension Plans' Fiduciary Net Positions

Detailed information about the pension plans' fiduciary net positions is available in the System's separately issued ACFR. The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2024, are shown below (in thousands):

	FRS	HIS
Total pension liability	\$ 237,370,289	\$ 15,757,752
Plan fiduciary net position	(198,685,586)	(756,775)
Net pension liability	<u>\$ 38,684,703</u>	<u>\$ 15,000,977</u>
Plan fiduciary net position as a percentage of the total pension liability	83.70%	4.80%

The total pension liability for the FRS Pension Plan was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2024. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. Update procedures were not used.

The total pension liability for the HIS Program was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2024. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. Update procedures were not used.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of December 29, 2025, the School reported a liability of \$1,548,915 for its proportionate share of the net pension liabilities. The School's proportionate share was calculated using accrued retirement contributions related to the reporting periods included in the System's current and several prior measurement dates. Prior measurement dates align with the oldest deferred (inflow)/outflow base through June 30, 2024, for employers that were members of the FRS and HIS during those fiscal years. The proportion calculated based on contributions for each of the fiscal years was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine the School's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense.

The School's proportions are as follows:

	FRS	HIS
June 30, 2024	0.0024%	0.0042%
June 30, 2023	0.0029%	0.0048%
Change	<u>-0.0005%</u>	<u>-0.0006%</u>

In accordance with GASB 68, paragraphs 54 and 71, changes in the School's proportionate share of the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes of assumptions or other inputs are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes in proportion and differences between contributions and proportionate share of contributions are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Differences between expected and actual earnings on pension plan investments are amortized over five years.

Employer contributions to the pension plans from the School are not included in collective pension expense; however, employee contributions are used to reduce pension expense. The average expected remaining service life of all employees provided with pensions through the pension plans as of June 30, 2024, was 5.3 years for FRS and 6.3 years for HIS.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

For the period from July 1, 2025 through December 29, 2025, the School recognized a reduction in pension expense of \$80,000. As of December 29, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 99,446	\$ 1,199
Changes of assumptions	137,785	73,899
Net difference between projected and actual earnings on pension plan investments	-	61,686
Changes in proportion and differences between School contributions and proportionate share of contributions	15,304	407,977
School contributions subsequent to the measurement date	224,398	-
Total	<u>\$ 476,933</u>	<u>\$ 544,761</u>

Deferred outflows of resources related to the School's contributions paid subsequent to the measurement date and prior to the School's fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

Reporting Period Ended June 30:	Amount
2026	\$ (24,839)
2027	(127,074)
2028	(65,286)
2029	(41,532)
2030	(27,220)
Thereafter	(6,275)

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

8 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

The following is a schedule of state and local revenue sources and amounts:

District School Board of Orange County, Florida:	
Florida Education Finance Program	\$ 631,316
Discretionary millage	114,973
Class size reduction	110,226
Discretionary compression	82,974
Capital outlay	48,622
Educational enrichment allocation	26,151
Safe schools	11,696
Compression adjustment	8,682
ESE guaranteed allocation	7,750
Mental health allocation	6,791
Total	<u>\$ 1,049,181</u>

The administration fee paid to the School Board during the period from July 1, 2025 through December 29, 2025 totaled \$51,231, which is reflected as a general administration expense/expenditure in the accompanying financial statements.

9 RELATED PARTY TRANSACTIONS

During the period from July 1, 2025 through December 29, 2025, the School received a contribution of approximately \$700,000 from a nonprofit entity that shares common management and governance with the School. The amount is included in contributions and other revenue in the accompanying financial statements.

10 TERMINATION OF THE SCHOOL'S CHARTER AND GOING CONCERN

On December 29, 2025, the School voluntarily terminated its charter agreement with the School Board due to unsustainable financial challenges to keep operating the School.

This action raises substantial doubt about the School's ability to continue as a going concern. As of the date these financial statements were available to be issued, certain capital assets were considered impaired and their carrying value was reduced. Ongoing uncertainties related to the School's closure may further affect the recoverability of certain assets or the classification of liabilities in future periods.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE PERIOD FROM JULY 1, 2025 THROUGH DECEMBER 29, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget-Positive (Negative)
REVENUES				
State and local sources	\$ 3,075,975	\$ 3,075,975	\$ 1,000,559	\$ (2,075,416)
Contributions and other revenue	500,000	500,000	762,703	262,703
Total revenues	<u>3,575,975</u>	<u>3,575,975</u>	<u>1,763,262</u>	<u>(1,812,713)</u>
EXPENDITURES				
Current:				
Instruction	2,045,015	2,045,015	760,047	1,284,968
Instruction-related technology	35,000	35,000	42,114	(7,114)
Board	61,000	61,000	71,035	(10,035)
General administration	-	-	51,231	(51,231)
School administration	374,840	374,840	88,631	286,209
Facilities acquisition and construction	-	-	2,976,353	(2,976,353)
Fiscal services	-	-	28,242	(28,242)
Food services	-	-	23,696	(23,696)
Operation and maintenance of plant	1,060,120	1,060,120	328,250	731,870
Debt service:				
Principal	-	-	16,788	(16,788)
Interest	-	-	6,416	(6,416)
Other capital outlay	-	-	700,526	(700,526)
Total expenditures	<u>3,575,975</u>	<u>3,575,975</u>	<u>5,093,329</u>	<u>(1,517,354)</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(3,330,067)</u>	<u>(3,330,067)</u>
OTHER FINANCING SOURCES				
Proceeds from lease	-	-	2,923,543	2,923,543
Total other financing sources	<u>-</u>	<u>-</u>	<u>2,923,543</u>	<u>2,923,543</u>
Net change in fund balance	-	-	(406,524)	(406,524)
Fund balance at beginning of period	558,798	558,798	558,798	-
Fund balance at end of period	<u>\$ 558,798</u>	<u>\$ 558,798</u>	<u>\$ 152,274</u>	<u>\$ (406,524)</u>

See independent auditor's report.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND

FOR THE PERIOD FROM JULY 1, 2025 THROUGH DECEMBER 29, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary	Final Budget-
			Basis)	Positive
				(Negative)
REVENUES				
Federal sources passed through local school district	\$ 506,535	\$ 506,535	\$ 345,434	\$ (161,101)
Total revenues	506,535	506,535	345,434	(161,101)
EXPENDITURES				
Current:				
Instruction	223,035	223,035	256,718	(33,683)
Food services	283,500	283,500	88,716	194,784
Total expenditures	506,535	506,535	345,434	161,101
Net change in fund balance	-	-	-	-
Fund balance at beginning of period	-	-	-	-
Fund balance at end of period	\$ -	\$ -	\$ -	\$ -

See independent auditor's report.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
LAST 10 FISCAL YEARS ENDING JUNE 30**

	Period ending December 29, 2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Florida Retirement System (FRS) Pension Plan										
School's proportion of the net pension liability (asset)	0.0024%	0.0024%	0.0029%	0.0036%	0.0036%	0.0035%	0.0036%	0.0037%	0.0040%	0.0034%
School's proportionate share of the net pension liability (asset)	\$ 924,697	\$ 924,697	\$ 1,154,832	\$ 1,331,411	\$ 268,482	\$ 1,514,939	\$ 1,246,800	\$ 1,110,539	\$ 1,180,724	\$ 874,534
School's covered-employee payroll	\$ 831,190	\$ 1,009,574	\$ 1,186,754	\$ 1,939,323	\$ 1,533,089	\$ 1,545,043	\$ 1,930,005	\$ 1,860,954	\$ 2,006,238	\$ 1,746,907
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	111%	92%	97%	69%	18%	98%	65%	60%	59%	50%
Plan fiduciary net position as a percentage of the total pension liability (asset)	84%	84%	82%	83%	96%	79%	83%	84%	84%	85%
Retiree Health Insurance Subsidy (HIS) Program										
School's proportion of the net pension liability (asset)	0.0042%	0.0042%	0.0048%	0.0053%	0.0052%	0.0054%	0.0057%	0.0056%	0.0063%	0.0056%
School's proportionate share of the net pension liability (asset)	\$ 624,218	\$ 624,218	\$ 765,732	\$ 563,632	\$ 642,657	\$ 660,823	\$ 642,122	\$ 596,204	\$ 672,220	\$ 658,120
School's covered-employee payroll	\$ 1,460,857	\$ 1,761,071	\$ 1,910,205	\$ 1,939,323	\$ 1,854,777	\$ 1,878,427	\$ 1,930,005	\$ 1,860,954	\$ 2,006,238	\$ 1,746,907
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	43%	35%	40%	29%	35%	35%	33%	32%	34%	38%
Plan fiduciary net position as a percentage of the total pension liability (asset)	5%	5%	4%	5%	4%	3%	3%	2%	2%	1%

Information for 2019 and prior years has been restated for the combination of schools in fiscal 2021.

See independent auditor's report.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CONTRIBUTIONS - PENSION PLANS
LAST 10 FISCAL YEARS ENDING JUNE 30**

	Period ending December 29,									
	2025	2025	2024	2023	2022	2021	2020	2019	2018	2017
Florida Retirement System (FRS) Pension Plan										
Contractually required contribution	\$ 180,174	\$ 115,174	\$ 135,356	\$ 139,421	\$ 161,600	\$ 135,401	\$ 116,136	\$ 112,257	\$ 105,076	\$ 103,914
Contributions in relation to the contractually required contribution	180,174	115,174	135,356	139,421	161,600	135,401	116,136	112,257	105,076	103,914
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 455,418	\$ 831,190	\$ 1,009,574	\$ 1,186,754	\$ 1,939,323	\$ 1,533,089	\$ 1,545,043	\$ 1,930,005	\$ 1,860,954	\$ 2,006,238
Contributions as a percentage of covered-employee payroll	40%	14%	13%	12%	8%	9%	8%	6%	6%	5%
Retiree Health Insurance Subsidy (HIS) Program										
Contractually required contribution	\$ 44,224	\$ 29,224	\$ 35,230	\$ 31,717	\$ 40,400	\$ 30,796	\$ 31,188	\$ 31,867	\$ 30,548	\$ 33,272
Contributions in relation to the contractually required contribution	44,224	29,224	35,230	31,717	40,400	30,796	31,188	31,867	30,548	33,272
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 754,321	\$ 1,460,857	\$ 1,761,071	\$ 1,910,205	\$ 1,939,323	\$ 1,854,777	\$ 1,878,427	\$ 1,930,005	\$ 1,860,954	\$ 2,006,238
Contributions as a percentage of covered-employee payroll	6%	2%	2%	2%	2%	2%	2%	2%	2%	2%

Information for 2019 and prior years has been restated for the combination of schools in fiscal 2021.

See independent auditor's report.

**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 of
Nap Ford Community School, Inc. - Legends Academy

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 Nap Ford Community School, Inc. - Legends Academy (the "School") as of December 29, 2025 and for the period from July 1, 2025 through December 29, 2025 and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated February 10, 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described below, that we consider to be a material weakness.

Finding 2025-001: Period-End Financial Reporting and Record Maintenance

During our audit, we identified matters related to the completeness and timeliness of the School's accounting records. Accounting activity for November and December 2025 had not been fully recorded, and the trial balance was not in a condition to support preparation of reliable financial statements at the commencement of audit fieldwork. These conditions arose due to the School's charter termination and closure, the transition of accounting responsibilities to a third-party service provider, and limited time available to complete the period-end close during the wind-down of operations. These matters were corrected by management during the audit process. Although the School has ceased operations, we recommend that management ensure accounting records are fully completed and reviewed and that appropriate oversight is maintained when accounting functions are transitioned or outsourced.

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*.

SCHOOL'S RESPONSE TO FINDINGS

Government Auditing Standards require the auditor to perform limited procedures on the School's response to the finding identified in our audit and described in the written statement of explanation or rebuttal on page 42. The School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

BKHM, P.A.

Orlando, Florida
February 10, 2026

**ADDITIONAL INFORMATION REQUIRED BY
RULES OF THE AUDITOR GENERAL,
CHAPTER 10.850**

To the Board of Directors of
Nap Ford Community School, Inc. - Legends Academy

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities and each major fund of Nap Ford Community School, Inc. - Legends Academy (the "School") as of December 29, 2025 and for the period from July 1, 2025 through December 29, 2025 and have issued our report thereon dated February 10, 2026.

AUDITOR'S RESPONSIBILITY

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

OTHER REPORTING REQUIREMENTS

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated February 10, 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 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 of the entity is Nap Ford Community School, Inc. - Legends Academy, and the school code assigned by the Florida Department of Education is 0080.



FINANCIAL CONDITION AND MANAGEMENT

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did meet the following condition described in Section 218.503(1), Florida Statutes, which we believe resulted from a deteriorating financial condition, as further discussed below:

- Failure within the same fiscal year in which due to pay short-term loans or failure to make bond debt service or other long-term debt payments when due, as a result of a lack of funds.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied in connection with our audit has led us to believe that the School's overall financial condition as of December 29, 2025 is deteriorating. Refer to Finding 2025-002 below.

Finding 2025-002: Deteriorating Financial Condition

Criteria:

Section 218.503, Florida Statutes, identifies indicators of a deteriorating financial condition, including failure within the same fiscal year in which due to pay short-term loans or failure to make bond debt service or other long-term debt payments when due, as a result of a lack of funds.

Condition:

Due to insufficient funds, the School was unable to meet certain long-term contractual obligations. The School accumulated approximately \$261,000 in unpaid rent for the period from September through December and, as of December 29, 2025, had copier and computer equipment lease obligations totaling approximately \$443,000 that could not be satisfied. The governing board voted to close the School and terminate the charter, effective December 29, 2025.

Cause:

The School entered into lease agreements for its facility and equipment with fixed payment terms that exceeded available and projected financial resources than initially anticipated.

Effect or Potential Effect:

The School's inability to meet contractual obligations due to a lack of funds is indicative of a deteriorating financial condition as defined in Section 218.503, Florida Statutes, and resulted in the closure of the School.

Recommendation:

Although the School has ceased operations, charter school governing bodies should evaluate long-term contractual commitments in relation to available funding and projected enrollment prior to entering into lease arrangements.

Views of Responsible Officials:

See the written statement of explanation or rebuttal on page 42. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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 additional recommendations other than the item noted above.

TRANSPARENCY

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

ADDITIONAL MATTERS

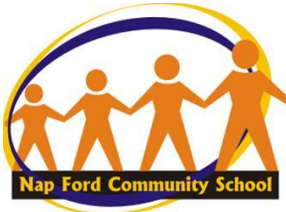
Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

PURPOSE OF THIS LETTER

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Board of Directors, applicable management, and the District School Board of Orange County, Florida and is not intended to be, and should not be, used by anyone other than these specified parties.

BKHM, P.A.

Orlando, Florida
February 10, 2026



February 10, 2026

BKHM, P.A.
1900 Summit Tower Blvd., Ste. 170
Orlando, FL 32810

RE: Nap Ford Community School, Inc., d/b/a Legends Academy
Response to Management Letter
Independent Auditor's Report – July 1, 2025-December 29, 2025

To Whom It May Concern:

This letter is provided in response to the Management Letter issued in connection with BKHM's Independent Auditor's Report dated February 10, 2026, related to the financial statements of Nap Ford Community School, Inc., d/b/a Legends Academy (the "School"), for the period July 1, 2025, through December 29, 2025.

2025-001: Period End Financial Reporting and Record Maintenance

The Governing Board acknowledges the circumstances noted in the finding. Immediately prior to the School's closure, the Board was working to transition accounting responsibilities to a newly engaged third-party financial services provider and there was limited time in advance of the impact of closure process to update and reconcile the School's financial records.

2025-002: Deteriorating Financial Condition

The Governing Board acknowledges the circumstances described regarding the School's deteriorating financial condition. This condition was primarily related to previously approved facility and equipment lease agreements containing fixed payment obligations that exceeded the School's available and projected financial resources beyond what was initially anticipated. Due to the School's closure in December 2025, no further corrective action can be implemented.

The Governing Board appreciates the auditors' observations and cooperation throughout the audit process.



Frank Mitchell Board Chair

PO Box 2031 * * Orlando, FL 32802
Nap Ford Community School is a nonprofit 501(c)(3) organization.
Federal Tax Id: 59-3662275
Nap Ford Community School is an equal opportunity agency.