

NORTH RIVER CHARTER ACADEMY, INC.
PARRISH, FL
(A CHARTER SCHOOL AND COMPONENT
UNIT OF THE DISTRICT SCHOOL BOARD OF
MANATEE COUNTY, FLORIDA)

INDEPENDENT AUDITOR'S REPORT
FROM JANUARY 1, 2025 (INCEPTION)
THROUGH JUNE 30, 2026

NORTH RIVER CHARTER ACADEMY, INC.
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2026

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NORTH RIVER CHARTER ACADEMY, INC.
(A Charter School of the School Board of Manatee County, Florida)

13020 Rutland Road (CR 675)
Parrish, FL 34219
(941) 263-2048

2025-2026

BOARD OF DIRECTORS

Mr. Mark McCabe, President
Ms. Helen Deitrich, Vice President
Mr. Brett Baugh, Secretary
Mr. Frank Zhou, Board Member
Mr. Kat Piper, Board Member

SCHOOL ADMINISTRATION

Ms. Brittany Fangmeier, Principal



Verdeja • Alvarez

Certified Public Accountants & Advisors



Octavio F. Verdeja, Founder - 1971

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Lisset I. Cascudo, C.P.A.
Michelle del Sol, C.F.E., C.P.A.
Cristy C. Rubio, C.P.A.
Javier Verdeja, C.P.A.
Octavio A. Verdeja, C.P.A.
Octavio "Tab" Verdeja, C.F.F., C.P.A.

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Michael Vildosola, C.P.A.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of North River Charter Academy, Inc.
a Charter School and Component Unit of the District
School Board of Manatee County, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of North River Charter Academy, Inc. ("School"), a component unit of the District School Board of Manatee County, Florida, as of and for the period from January 1, 2025 (inception) through 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2026, and the respective changes in financial position for the period from January 1, 2025 (inception) through June 30, 2026 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.
- 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 Management's Discussion and Analysis, the Budgetary Comparison Schedules, and Note to Required Supplementary Information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 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.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 18, 2026

Management's Discussion and Analysis

North River Charter Academy, Inc.

A Charter School and Component Unit of the District School Board of Manatee County, Florida

June 30, 2026

The Management's Discussion and Analysis (MD&A) section of the annual financial report of North River Charter Academy, Inc., ("School") provides an overview of the School's financial activities from January 1, 2025 (inception) through June 30, 2026.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to financial statements as listed in the table of contents.

FINANCIAL HIGHLIGHTS

- For the period from January 1, 2025 (inception) through June 30, 2026, the School's revenues exceeded expenses, resulting in an increase in net position of \$196,323.
- As shown on the statement of net position, the School reported a total net position balance of \$196,323.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Fund Financial Statements (Continued)

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

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

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 - 24 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	<u>Net Position</u>
	<u>2026</u>
ASSETS	
Cash and cash equivalents	\$ 299,672
Restricted cash	683
Capital assets, net	594,381
Total Assets	<u>\$ 894,736</u>
LIABILITIES	
Accounts payable	\$ 224,436
Due to other charter schools	63,950
Recoverable grant payable	333,917
Due to Rutland, LLC	76,110
Total Liabilities	<u>698,413</u>
NET POSITION	
Net investment in capital assets	594,381
Restricted for lunch program	683
Unrestricted	<u>(398,741)</u>
Total Net Position	<u>196,323</u>
Total Liabilities and Net Position	<u>\$ 894,736</u>

At June 30, 2026, the School's total assets were \$894,736 and total liabilities were \$698,413. At June 30, 2026, the School reported a total net position of \$196,323.

A summary and analysis of the School's revenues and expenses for the period from January 1, 2025 (inception) through June 30, 2026 follows:

	<u>2026</u>
REVENUES	
State passed through local school district	\$ 1,420,596
Federal lunch program	61,246
Federal passed through state	625,099
Charges for services	79,301
Local and other	<u>145,463</u>
Total Revenues	<u>2,331,705</u>
EXPENSES	
Instruction	1,078,805
Instructional related technology	16,275
General administration	188,688
Board	58,837
School administration	155,359
Central services	104,214
Fiscal services	129,327
Food services	90,279
Operation of plant	210,876
Administrative technology services	18,164
Community service	14,123
Debt service - interest	<u>70,435</u>
Total Expenses	<u>2,135,382</u>
Change in Net Position	<u><u>\$ 196,323</u></u>

The largest revenue source for the School is the State of Florida (58%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School. The largest concentration of expenses was for Instruction (51%).

ACCOMPLISHMENTS

North River Charter Academy opened its doors for the very first time in August 2025. In our first year, we established a strong academic foundation, built a dedicated faculty and staff, created the Wolf Pack culture, launched our STEAM-focused educational model, and developed systems to support the academic and individual needs of our students.

Our inaugural academic results were a tremendous source of pride. 100% of Kindergarten students who took Star Reading met proficiency standards, 100% of first-grade students achieved proficiency on Star Math, and second-grade students demonstrated an average 72-point gain in reading. Individual students achieved growth of up to 368 points on their end-of-year Star Assessments.

We won the Best Showmanship Award at the Parrish Chili Cookoff. We were nominated for Best Charter School of the Year for Manatee County and received Bronze recognition.

We were awarded a School Kindness Award.

Most importantly, we built a foundation for the future. What began as a new K–2 charter school grew into a school prepared to serve Kindergarten through sixth grade, with a new permanent campus and an expanding Wolf Pack ready for the next chapter.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local school district	1,443,860	1,420,596	1,420,596
Federal lunch program	100,000	61,246	61,246
Federal passed through state	-	625,099	625,099
Local and other revenue	263,084	224,764	224,764
TOTAL REVENUES	1,806,944	2,331,705	2,331,705
EXPENDITURES			
Instruction	985,905	1,673,186	1,673,186
Instructional related technology	1,700	16,275	16,275
General administration	217,403	188,688	188,688
Board	14,000	58,837	58,837
School administration	201,196	155,359	155,359
Central services	5,000	104,214	104,214
Fiscal services	78,726	129,327	129,327
Food services	91,870	90,279	90,279
Operation of plant	42,061	210,876	210,876
Administrative technology services	15,000	18,164	18,164
Community services	-	14,123	14,123
Debt service - interest	154,000	70,435	70,435
TOTAL EXPENDITURES	1,806,861	2,729,763	2,729,763
NET CHANGE IN FUND BALANCE	\$ 83	\$ (398,058)	\$ (398,058)

GOVERNMENTAL FUND

As the School completed the year, its governmental funds reported a combined fund balance of (\$398,058).

BUDGETARY HIGHLIGHTS

The general fund and major special revenue fund budgets for the fiscal year ended June 30, 2026, were developed based on the School's anticipated revenues and expenditures, the expected student population, and Federal grant programs for the school year.

CAPITAL ASSETS

The School's capital assets for its governmental activities as of June 30, 2026 amounts to \$594,381 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures, and equipment, and computers. Additional information regarding the School's capital assets can be found in the notes to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of North River Charter Academy, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Principal at 13020 Rutland Road (CR675), Parrish, Florida 34219.

NORTH RIVER CHARTER ACADEMY, INC.
STATEMENT OF NET POSITION
JUNE 30, 2026

	Government Activities
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 299,672
Restricted cash	683
TOTAL CURRENT ASSETS	<u>300,355</u>
 CAPITAL ASSETS, NET	 <u>594,381</u>
 TOTAL ASSETS	 <u><u>\$ 894,736</u></u>
 LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued expenses, inc. accrued wages	\$ 224,436
Due to other charter schools	63,950
Due to Rutland, LLC	76,110
Recoverable grant payable	333,917
TOTAL CURRENT LIABILITIES	<u>698,413</u>
 TOTAL LIABILITIES	 <u><u>698,413</u></u>
 NET POSITION	
Net investment in capital assets	594,381
Restricted for lunch program	683
Unrestricted	(398,741)
TOTAL NET POSITION	<u>196,323</u>
 TOTAL LIABILITIES AND NET POSITION	 <u><u>\$ 894,736</u></u>

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

NORTH RIVER CHARTER ACADEMY, INC.
STATEMENT OF ACTIVITIES
FROM JANUARY 1, 2025 (INCEPTION) THROUGH JUNE 30, 2026

		Program Revenues			Net (Expense)
			Operating	Capital	Revenue
	Expenses	Charges for	Grants and	Grants and	and Changes
		Services	Contributions	Contributions	in Net Position
Governmental Activities:					
Instruction	\$ 1,078,805	\$ -	\$ 586,807	\$ -	\$ (491,998)
Instructional related technology	16,275	-	16,035	-	(240)
General administration	188,688	-	-	-	(188,688)
Board	58,837	-	-	-	(58,837)
School administration	155,359	-	22,257	-	(133,102)
Central services	104,214	-	-	-	(104,214)
Fiscal services	129,327	-	-	-	(129,327)
Food services	90,279	19,532	61,246	-	(9,501)
Operation of plant	210,876	-	-	-	(210,876)
Administrative technology services	18,164	-	-	-	(18,164)
Community service	14,123	59,769	-	-	45,646
Debt service - interest	70,435	-	-	-	(70,435)
Total Governmental Activities	<u>\$ 2,135,382</u>	<u>\$ 79,301</u>	<u>\$ 686,345</u>	<u>\$ -</u>	<u>\$ (1,369,736)</u>
GENERAL REVENUES:					
State sources					\$ 1,420,596
Local and other					145,463
Total General Revenues					<u>1,566,059</u>
Change in Net Position					196,323
NET POSITION - INCEPTION					<u>-</u>
NET POSITION - ENDING					<u>\$ 196,323</u>

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

NORTH RIVER CHARTER ACADEMY, INC.
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 299,672	\$ -	\$ 299,672
Restricted cash	-	683	683
Total Assets	<u>\$ 299,672</u>	<u>\$ 683</u>	<u>\$ 300,355</u>
LIABILITIES			
Accounts payable	\$ 224,436	\$ -	\$ 224,436
Due to other charter schools	63,950	-	63,950
Recoverable grant payable	333,917	-	333,917
Due to Rutland, LLC	76,110	-	76,110
Total Liabilities	<u>698,413</u>	<u>-</u>	<u>698,413</u>
FUND BALANCES			
Restricted for:			
Lunch program	-	683	683
Unassigned	(398,741)	-	(398,741)
Total Fund Balances	<u>(398,741)</u>	<u>683</u>	<u>(398,058)</u>
Total Liabilities and Fund Balances	<u>\$ 299,672</u>	<u>\$ 683</u>	<u>\$ 300,355</u>

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

NORTH RIVER CHARTER ACADEMY, INC.
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2026

Total Fund Balance - Governmental Funds \$ (398,058)

Amounts reported for governmental activities in the statement of net position
are different because:

Capital assets, net of accumulated depreciation/amortization, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.	<u>594,381</u>
Total Net Position - Governmental Activities	<u>\$ 196,323</u>

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

NORTH RIVER CHARTER ACADEMY, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FROM JANUARY 1, 2025 (INCEPTION) THROUGH JUNE 30, 2026

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Intergovernmental:			
State passed through local school district	\$ 1,420,596	\$ -	\$ 1,420,596
Federal lunch program	-	61,246	61,246
Federal passed through state	-	625,099	625,099
Local and other revenue:			
Charges for services	59,769	19,532	79,301
Local and other	145,463	-	145,463
TOTAL REVENUES	<u>1,625,828</u>	<u>705,877</u>	<u>2,331,705</u>
EXPENDITURES			
Instruction	1,086,379	586,807	1,673,186
Instructional related technology	240	16,035	16,275
General administration	188,688	-	188,688
Board	58,837	-	58,837
School administration	133,102	22,257	155,359
Central services	104,214	-	104,214
Fiscal services	129,327	-	129,327
Food services	-	90,279	90,279
Operation of plant	210,876	-	210,876
Administrative technology services	18,164	-	18,164
Community service	14,123	-	14,123
Debt service - interest	70,435	-	70,435
TOTAL EXPENDITURES	<u>2,014,385</u>	<u>715,378</u>	<u>2,729,763</u>
Excess (deficit) of revenues over expenditures	<u>(388,557)</u>	<u>(9,501)</u>	<u>(398,058)</u>
OTHER FINANCING SOURCES			
Transfers out (in)	<u>(10,184)</u>	<u>10,184</u>	<u>-</u>
Total other financing sources	<u>(10,184)</u>	<u>10,184</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(398,741)</u>	<u>683</u>	<u>(398,058)</u>
Fund balance at inception	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ (398,741)</u>	<u>\$ 683</u>	<u>\$ (398,058)</u>

The accompanying notes are an integral part of this financial statement

NORTH RIVER CHARTER ACADEMY, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FROM JANUARY 1, 2025 THROUGH JUNE 30, 2026

Net Change in Fund Balances - Governmental Funds \$ (398,058)

Amounts reported for governmental activities in the statement of activities
are different because:

Capital outlays are reported in governmental funds as expenditures. However, in
the statement of activities, the cost of those assets is allocated over their
estimated useful lives as depreciation/amortization

Capital outlays	619,079	
Depreciation expense	(24,698)	<u>594,381</u>

Change in Net Position - Governmental Activities \$ 196,323

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

NORTH RIVER CHARTER ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FROM JANUARY 1, 2025 (INCEPTION) THROUGH JUNE 30, 2026

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

North River Charter Academy, Inc. (“School”) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of 5 members.

Rutland 675, LLC (“Rutland”) is a separate legal entity that financed the acquisition and construction of a school facility intended for use by the School. The assets, liabilities, revenues, and expenses of Rutland, including the related bond financing and construction activity, are not included in these financial statements. Subsequent to June 30, 2026, upon completion of the facility, the School entered into a lease agreement with Rutland for use of the facility, as further described in Note 14.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter with the sponsoring school district, the District School Board of Manatee County, Florida (“District”). The current charter commenced on July 1, 2024 and is effective through June 30, 2030, unless terminated or extended in accordance with the provisions of the charter. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; 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 which should be reported within the School's basic financial statements are identified and described in the *Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. 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.

These financial statements include the financial position and activities of the School from inception, January 1, 2025, through June 30, 2026. Inception reflects the commencement of pre-opening and start-up activities attributable to the School, which preceded the commencement of educational operations. The School commenced educational operations on August 1, 2025, serving students in kindergarten through second grade, with 147 students enrolled during the 2025-2026 school year.

NORTH RIVER CHARTER ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FROM JANUARY 1, 2025 (INCEPTION) THROUGH JUNE 30, 2026

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Government-wide Financial Statements

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

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 fund 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 fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School utilizes the following major governmental funds:

General Fund - to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

Special Revenue Fund - to account for Federal grant programs resources and food service operations.

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. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

NORTH RIVER CHARTER ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FROM JANUARY 1, 2025 (INCEPTION) THROUGH JUNE 30, 2026

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are 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 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. 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. Allocations of cost, such as depreciation/amortization, are not recognized in governmental funds.

Cash and Cash Equivalents

The School’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term liquid investments with original maturities of 3 months or less from the date of acquisition.

The School’s deposits are placed with banks and savings and loans qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida’s multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

Capital Assets

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$750. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

Capital assets are depreciated/amortized over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, fixtures, and equipment	10 years
Computer equipment	3 years

Long-term Debt

Long-term obligations that will be financed by resources to be received in the future by the General Fund are reported in the government-wide financial statements, not in the General Fund. Current-year information relative to changes in long-term debt is described in subsequent notes.

NORTH RIVER CHARTER ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FROM JANUARY 1, 2025 (INCEPTION) THROUGH JUNE 30, 2026

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position 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 position 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 financial position 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 position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The School does not have any items that qualify for reporting in this category.

Net Position and Fund Balance Classification

Net Position is classified and reported in three components:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable - fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted - fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed - fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned - fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned - fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

NORTH RIVER CHARTER ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FROM JANUARY 1, 2025 (INCEPTION) THROUGH JUNE 30, 2026

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (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 (FTE) reported by the School during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC)
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC)
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC)
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC)

The School receives Federal or state 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 or state 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 receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. The School also receives funding through donations and fundraising efforts, school lunch sales and local property and sales tax collections.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

NORTH RIVER CHARTER ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FROM JANUARY 1, 2025 (INCEPTION) THROUGH JUNE 30, 2026

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Recently Adopted Accounting Pronouncements

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

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

Use of Estimates

In preparing the financial statements in conformity with generally accepted accounting principles in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 18, 2026, the date the financial statements were available to be issued. See Note 14 for disclosure of a subsequent event.

NOTE 3 – DEPOSITS AND CREDIT RISK

Cash and cash equivalents are maintained in financial institutions. It is the School's policy to maintain its cash and cash equivalents in major banks and in high-grade investments. Bank balances at times may potentially be in excess of the Federal Deposit Insurance Corporation ("FDIC") limit of \$250,000. At June 30, 2026, the School's bank balance exceeded federally insured limits by approximately \$50,355.

NORTH RIVER CHARTER ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FROM JANUARY 1, 2025 (INCEPTION) THROUGH JUNE 30, 2026

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the period from January 1, 2025 (inception) through June 30, 2026 is as follows:

	Balance at Inception	Additions	Deletions	6/30/2026
Capital assets				
Furniture, fixtures and equipment	\$ -	\$ 450,674	\$ -	\$ 450,674
Computers	-	168,405	-	168,405
Total capital assets	-	619,079	-	619,079
Less: accumulated depreciation				
Furniture, fixtures, and equipment	-	(10,218)	-	(10,218)
Computers	-	(14,480)	-	(14,480)
Total accumulated depreciation	-	(24,698)	-	(24,698)
Capital assets, net	\$ -	\$ 594,381	\$ -	\$ 594,381

For the period from January 1, 2025 (inception) through June 30, 2026, depreciation expense of \$24,698 was allocated in the statement of activities to instructional.

NOTE 5 – MANAGEMENT STRUCTURE

All policy decisions, including the annual budget, are formulated by the Board of Directors. The Board of Directors has the powers reasonably necessary to manage, operate, maintain, and discharge the duties of the School, including responsibility for the fiscal, academic, and employment policies of the School and ultimate responsibility for fiduciary oversight and operations of the School.

Effective July 1, 2025, the School entered into an agreement with Forza Education Management, L.L.C. (“FORZA”), a Florida limited liability company, to provide comprehensive school operation services necessary for the operation of the School. The agreement will remain effective through the last day of the Charter Contract, as the Charter Contract term may be extended or amended from time to time.

FORZA shall be responsible for providing services relating to financial management, business administration, educational program management, legal compliance, recruitment and community outreach, human resources, and governance. The annual management fee for these services is 13% of gross revenues of the School, excluding proceeds from borrowings undertaken by the School. During the year ended June 30, 2026, the School incurred management fees of \$194,913. At June 30, 2026, the School owed FORZA \$5,827 for management fees and an additional outstanding balance of \$128,784, both of which are included in accounts payable.

Recoverable Grant-FORZA

During the year ended June 30, 2026, the School received a recoverable grant from FORZA Education Management, LLC of up to \$450,000 to fund operating expenses. Under the terms of the agreement, the grant is repayable once the School has established a reasonably sufficient surplus and may be repaid over time or in a lump sum. No interest accrues on the grant. The grant is subject to immediate repayment upon certain events, including misuse of grant funds, insolvency, or nonrenewal or termination of the School’s charter. As of June 30, 2026, the School was deemed to have established a reasonably sufficient surplus and recorded a recoverable grant payable of \$333,917.

NORTH RIVER CHARTER ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FROM JANUARY 1, 2025 (INCEPTION) THROUGH JUNE 30, 2026

NOTE 6 – LEASE

Effective August 1, 2025, the School entered into a lease and sublease agreement with Parrish Charter Academy, Inc. for the use of a portion of the property located at 8605 Erie Road, Parrish, Florida, including certain shared use and common areas. The lease expires on June 30, 2026 and may be extended or renewed upon mutual written agreement of both parties. Annual base rent is calculated at \$1,200 per enrolled student, based on Full-Time Equivalent student membership and adjusted based on the applicable enrollment counts. Rent expense for the period from August 1, 2025 (lease commencement date) through June 30, 2026 was \$154,900, of which \$63,950 was due and payable at June 30, 2026.

NOTE 7 – AMOUNT DUE TO RUTLAND, LLC

During the year ended June 30, 2026, the School received funding from Rutland 675, LLC to support the operations of the School. At June 30, 2026, the outstanding amount due to Rutland 675, LLC was \$76,110.

NOTE 8 – INTERFUND TRANSFERS

During the year ended June 30, 2026, the School's General Fund transferred \$10,184 to the Special Revenue Fund to support the School's food service operations. This amount is eliminated in the government-wide financial statements.

NOTE 9 – DEFICIT FUND BALANCE

The School reported a deficit fund balance of \$398,741 in the General Fund and a total governmental fund deficit of \$398,058 at June 30, 2026. The School is aware of the deficit balances and intends to make adjustments to future budgets to alleviate these deficits.

NOTE 10 – PROFESSIONAL SERVICES CONTRACT

The School entered into an agreement with Building Hope Services to provide accounting services to the School. The contract, renewable annually, calls for an annual fee of \$100 per student based on enrollment at the beginning of the school year, payable in monthly installments. For the period from January 1, 2025 (inception) through June 30, 2026, the School incurred fees related to this agreement totaling \$15,552.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Grants

In the normal course of operations, the School receives grant funds from various federal, state, and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements. In management's opinion, there will be no adjustments resulting from future audits on grant periods through June 30, 2026, which will have a material effect on the financial statements.

Litigation

From time to time, the School is subject to legal proceedings and claims in the ordinary course of business. Although the outcome of these matters is inherently uncertain, management, after consultation with legal counsel, currently cannot determine the likelihood of an unfavorable outcome or reasonably estimate the amount or range of potential loss, if any.

NORTH RIVER CHARTER ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FROM JANUARY 1, 2025 (INCEPTION) THROUGH JUNE 30, 2026

NOTE 12 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the School carries commercial insurance. The School does not sponsor a public entity risk pool.

NOTE 13 – RETIREMENT PLAN

The School established a defined contribution 401(k) plan covering all full-time employees of the School who have one year of service and are age twenty-one (21) or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Board of Trustees is responsible for oversight of the Plan. The Investment Committee determines the appropriateness of the Plan's investment offerings, monitors investment performance and reports to the Plan's Board of Trustees. The employee may make an elective contribution known as a 401(k) contribution or salary deferral contribution. The School will make a required matching contribution to the Plan. For the period from January 1, 2025 (inception) through June 30, 2026, the School contributed \$5,006 to the Plan.

NOTE 14 – SUBSEQUENT EVENT

Subsequent to June 30, 2026, the School entered into a lease agreement with Rutland 675, LLC for use of the school facility located in Parrish, Florida. The lease became effective subsequent to year-end and, accordingly, no lease asset or liability related to the agreement is reflected in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

NORTH RIVER CHARTER ACADEMY, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL – GENERAL FUND
FROM JANUARY 1, 2025 (INCEPTION) THROUGH JUNE 30, 2026

	General Fund				
	Original Budget	Final Budget	Actual	Final to Original Budget Variance	Actual to Final Budget Variance
REVENUES					
State passed through local school district	\$ 1,443,860	\$ 1,420,596	\$ 1,420,596	\$ (23,264)	\$ -
Local and other revenue	263,084	205,232	205,232	(57,852)	-
TOTAL REVENUES	1,706,944	1,625,828	1,625,828	(81,116)	-
EXPENDITURES					
Instruction	985,905	1,086,379	1,086,379	100,474	-
Instructional related technology	1,700	240	240	(1,460)	-
General administration	217,403	188,688	188,688	(28,715)	-
Board	14,000	58,837	58,837	44,837	-
School administration	201,196	133,102	133,102	(68,094)	-
Central services	5,000	104,214	104,214	99,214	-
Fiscal services	78,726	129,327	129,327	50,601	-
Operation of plant	42,061	210,876	210,876	168,815	-
Administrative technology services	15,000	18,164	18,164	3,164	-
Community service	-	14,123	14,123	14,123	-
Debt service	154,000	70,435	70,435	(83,565)	-
TOTAL EXPENDITURES	1,714,991	2,014,385	2,014,385	299,394	-
NET CHANGE IN FUND BALANCE	\$ (8,047)	\$ (388,557)	\$ (388,557)	\$ (380,510)	\$ -

See accompanying note to the required supplementary information.

NORTH RIVER CHARTER ACADEMY, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL – SPECIAL REVENUE FUND
FROM JANUARY 1, 2025 (INCEPTION) THROUGH JUNE 30, 2026

	Special Revenue Fund				
	Original Budget	Final Budget	Actual	Final to Original Budget Variance	Actual to Final Budget Variance
REVENUES					
Federal passed through state	\$ -	\$ 625,099	\$ 625,099	\$ 625,099	\$ -
Federal lunch program	100,000	61,246	61,246	(38,754)	-
Charges for services	-	19,532	19,532	19,532	-
TOTAL REVENUES	100,000	705,877	705,877	605,877	-
EXPENDITURES					
Instruction	-	586,807	586,807	586,807	-
Instructional related technology	-	16,035	16,035	16,035	-
School administration	-	22,257	22,257	22,257	-
Food services	91,870	90,279	90,279	(1,591)	-
TOTAL EXPENDITURES	91,870	715,378	715,378	623,508	-
NET CHANGE IN FUND BALANCE	\$ 8,130	\$ (9,501)	\$ (9,501)	\$ (17,631)	\$ -

See accompanying note to the required supplementary information.

NORTH RIVER CHARTER ACADEMY, INC.
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FROM JANUARY 1, 2025 (INCEPTION) THROUGH JUNE 30, 2026

NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

Significant budgetary variances

Instructional costs exceeded budgeted amounts primarily due to the need for additional ESE personnel and related services. Board expenditures exceeded budgeted amounts primarily due to approximately \$40,000 in legal fees that were not anticipated in the original budget. Administrative expenditures were below budgeted amounts because the School elected not to hire additional administrative personnel in order to avoid potential losses or unbudgeted expenditures. Community service expenditures exceeded budgeted amounts because the School initially anticipated that existing personnel would cover the shifts and that additional personnel would not be necessary; however, additional personnel were ultimately needed. Central services expenditures exceeded budgeted amounts primarily due to increased marketing efforts intended to increase student enrollment.



Verdeja • Alvarez

Certified Public Accountants & Advisors



Octavio F. Verdeja, Founder - 1971

Manny Alvarez, C.F.F., C.P.A.
Lisset I. Cascudo, C.P.A.
Michelle del Sol, C.F.E., C.P.A.
Cristy C. Rubio, C.P.A.
Javier Verdeja, C.P.A.
Octavio A. Verdeja, C.P.A.
Octavio "Tab" Verdeja, C.F.F., C.P.A.

Armando Aburto, C.P.A.
Jorge Albeirus, C.P.A.
Viviana Bruno, C.P.A.
Pedro L. Silva, C.P.A.
Michael Vildosola, C.P.A.

**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 North River Charter Academy, Inc.
a Charter School and Component Unit of the District
School Board of Manatee County, 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 North River Charter Academy, Inc. ("School"), a component unit of the District School Board of Manatee County, Florida, as of and for the period from January 1, 2025 (inception) through 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 18, 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 were not 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 18, 2026



MANAGEMENT LETTER

To the Board of Directors of North River Charter Academy, Inc.
a Charter School and Component Unit of the District
School Board of Manatee County, Florida

Report on the Financial Statements

We have audited the financial statements of North River Charter Academy, Inc. ("School"), a Charter School and Component Unit of the District School Board of Manatee County, Florida, as of and for the period from January 1, 2025 (inception) through June 30, 2026, and have issued our report thereon dated September 18, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 18, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. This is the School's first annual financial audit; therefore, there were no prior audit findings or recommendations requiring follow-up.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are North River Charter Academy, Inc., 2183.

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 North River Charter Academy, Inc. has met one or more 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 conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied in connection with our audit, have led us to believe that the School's overall financial condition as of June 30, 2026 is not deteriorating.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have the following recommendation.

2026-1: Deficit in Unrestricted Net Position and Unassigned Fund Balance

Observation

Pursuant to Sections 218.39(5), Florida Statutes, the auditor must notify each member of the governing body for which a fund balance deficit in total or for that portion of a fund balance not classified as restricted, committed, or nonspendable, or a total or unrestricted net assets deficit, as reported on the fund financial statements of entities required to report under governmental financial reporting standards or on the basic financial statements of entities required to report under not-for-profit financial reporting standards, for which sufficient resources of the local governmental entity, charter school, charter technical career center, or district school board, as reported on the fund financial statements, are not available to cover the deficit.

Condition

At June 30, 2026, the School had a deficit in unrestricted net position of \$398,741 and a deficit in unassigned fund balance of \$398,741. The School's total net position was positive \$196,323, while total governmental fund balance was a deficit of \$398,058. These amounts agree to the current financial statements.

Cause

The deficits resulted primarily from expenditures incurred during the School's inaugural year of operations exceeding available governmental fund resources. Although the School reported positive total net position of \$196,323, unrestricted net position was a deficit of \$398,741, primarily due to the School's net investment in capital assets of \$594,381.

Effect

A deficit in unrestricted net position and unassigned fund balance may limit the School's flexibility and its ability to meet future operating needs.

Recommendation

The School should continue to closely monitor revenues and expenditures and budget accordingly to improve its financial position.

Management Response

The School acknowledges the deficits at June 30, 2026. Management will closely monitor budget-to-actual activity, control expenditures, and align spending with available revenues to improve the School's financial position.

Transparency

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

Additional Matters

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

Purpose of this Letter

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

Verdefia - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 18, 2026