HLB GRAVIER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

San Jose Primary School
W/L #5761

(A charter school under
Bold City Education, Inc. and Component Unit of
The District School Board Of Duval County, Florida)

Jacksonville, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2026

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San Jose Primary School
(A charter school under Bold City Education, Inc.)
W/L #5761

4072 Sunbeam Road,
Jacksonville, Florida 32257

2025-2026

BOARD OF DIRECTORS

Bonnie Arnold, Founding Chair, resigned effective January 15, 2025
Juan Carlos Gonzalez, Chair, resigned effective April 10, 2026
Jerry Jeakle, Chair
Pramod (Bobby) Shivdasani, Treasurer
Gary Wheeler, Secretary
Dr. Eric Moore, Board Member

SCHOOL ADMINISTRATION

Lyndsey Renaud, Principal

HLB GRAVIER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
San Jose Primary School
Jacksonville, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of San Jose Primary School (the "School"), a charter school under Bold City Education, Inc. and component unit of the District School Board of Duval County, Florida, as of, and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of San Jose Primary School as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bold City Education, Inc. 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 San Jose Primary 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.

Auditors' 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.

Emphasis of a Matter – Deteriorating Financial Condition

As described in the appendix to management letter, as of June 30, 2026, The School has been unable to increase enrollment sufficiently to generate enough revenues to meet its expenditures and ensure that future financing sources will be adequate to cover lease liability principal and interest payments for the charter holder's debt-service payments. The School is considered to be in a deteriorating financial condition. Our opinion is not modified with respect to this matter.

Emphasis of a Matter – Presentation

As described in Note 1, the accompanying financial statements referred to above present only the financial position and change in financial position of San Jose Primary School that is attributable to the transactions of the School and is not intended to be a complete presentation of Bold City Education, Inc. These financial statements do not purport to, and do not, present fairly the financial position of Bold City Education, Inc. as of June 30, 2026 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 9 and 31 through 33 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 October 19, 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, grant agreements and other matters. The purpose of that report is to solely 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 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
October 19, 2026

Management's Discussion and Analysis
San Jose Primary School
(A Charter School Under Bold City Education, Inc.)
June 30, 2026

The corporate officers of Bold City Education, Inc. have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2026.

About the School

San Jose Primary is a Duval County public charter school located in Jacksonville, Florida, serving students in kindergarten through fifth grade. The School operates under Bold City Education, Inc. Network.

Overview of the Financial Statements

The financial statements of the School present the financial position and results of operations of the School for the fiscal year ended June 30, 2026, in accordance with generally accepted accounting principles for state and local governments.

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.

The government-wide financial statements report all assets and liabilities of the government, including both financial and nonfinancial assets and both short-term and long-term obligations. Revenues are recognized when they relate to the current reporting period, regardless of when the related cash is received, and expenses are recognized when incurred, regardless of when cash is paid. The government-wide statements also report deferred outflows and deferred inflows of resources that relate to future reporting periods. Accordingly, the government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The governmental fund financial statements focus on current financial resources. They generally report current financial assets and liabilities, such as cash, receivables, and accounts payable, rather than long-term capital assets and long-term liabilities. Revenues are recognized when they are both measurable and available to finance current-period expenditures, while expenditures generally are recognized when the related governmental fund liability is incurred, subject to certain exceptions for long-term obligations. Deferred outflows and deferred inflows reported at the governmental fund level are limited to those applicable to current financial resources. Accordingly, governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

More details about the measurement focus and basis of accounting can be found in the first note to the financial statements, the Summary of Significant Accounting Policies.

FINANCIAL SUMMARY AND ANALYSIS

A summary and analysis of the School's net position as of June 30, 2026 and 2025 is as follows:

	2026	2025	Variance
Cash	$ 67,185	$ 80,205	$ (13,020)
Due from other agencies	31,175	11,576	19,599
Due from San Jose Early College at Cecil	13,293	13,293	-
Due from San Jose Preparatory	290,574	213,262	77,312
Capital and right-of-use capital assets, net	13,587,748	14,017,481	(429,733)
Total Assets	13,989,975	14,335,817	(345,842)
Deferred outflows of resources	-	-	-
Salaries and wages payable	55,372	59,131	(3,759)
Accounts payable	37,986	30,123	7,863
Compensated absences	19,295	23,768	(4,473)
Due to Bold City Education, Inc.	420,319	-	420,319
Due to other agencies	119,531	-	119,531
Lease liability	14,881,934	14,619,543	262,391
Total Liabilities	15,534,437	14,732,565	801,872
Deferred inflows of resources	-	-	-
Net Position:			
Net investment in capital assets	(1,294,186)	(602,062)	(692,124)
Restricted	4,547	-	4,547
Unrestricted	(254,823)	205,314	(460,137)
Total Net Position	$ (1,544,462)	$ (396,748)	$ (1,147,714)

The School's financial position declined during the year ended June 30, 2026. Total net position decreased by approximately $1.15 million, from a deficit of approximately $397,000 at June 30, 2025, to a deficit of approximately $1.54 million at June 30, 2026.

The most significant changes in total assets and liabilities were as follows: Amounts due from San Jose Preparatory increased by approximately $77,000, from approximately $213,000 at June 30, 2025, to approximately $291,000 at June 30, 2026, primarily attributable to higher operating costs incurred on behalf of San Jose Preparatory and paid by the School. Capital and right-to-use capital assets, net, decreased by approximately $430,000, from approximately $14.02 million at June 30, 2025, to approximately $13.59 million at June 30, 2026, primarily as a result of depreciation and amortization exceeding current-year capital additions.

Amounts due to Bold City Education, Inc. increased by approximately $420,000 at June 30, 2026. The increase was primarily attributable to higher operating costs incurred on behalf of the School and paid by other divisions of Bold City Education, Inc. during the year. Amounts due to other agencies increased by approximately $120,000 at June 30, 2026, attributable to amounts owed to the School District of Duval county regarding a state audit of San Jose Cyber. Lease liabilities increased by approximately $262,000, from approximately $14.62 million at June 30, 2025, to approximately $14.88 million at June 30, 2026, primarily attributable to deferred rent during the current fiscal year.

The components of net position changed as follows: Net investment in capital assets decreased by approximately $692,000, from a deficit of approximately $602,000 at June 30, 2025, to a deficit of approximately $1.29 million at June 30, 2026. The decrease primarily reflects the reduction in the School's net capital and right-to-use assets and the increase in related outstanding lease obligations at year-end. Unrestricted net position decreased by approximately $460,000, from a positive balance of approximately $205,000 at June 30, 2025, to a deficit of approximately $255,000 at June 30, 2026, primarily reflecting a reduction in the School's available unrestricted resources during the current fiscal year.

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2026 and 2025 is as follows:

	2026	2025	Variance
REVENUES			
Program Revenues			
Operating grants and contributions	$ 168,322	$ 76,819	$ 91,503
Capital grants and contributions	26,920	454,482	(427,562)
Charges for services	7,201	-	7,201
General Revenues			
State and local sources	1,927,370	2,252,035	(324,665)
Charges for services and other revenues	15,936	52,991	(37,055)
Total Revenues	$ 2,145,749	$ 2,836,327	$ (690,578)
EXPENSES			
Governmental Activities:			
Instruction	$ 1,171,023	$ 1,257,663	$ (86,640)
Student support services	57,307	55,978	1,329
Instructional and development	-	7,789	(7,789)
Board	188,509	10,000	178,509
General administration	88,745	101,344	(12,599)
School administration	717,920	1,084,497	(366,577)
Fiscal services	28,474	34,165	(5,691)
Food services	51,013	61,608	(10,595)
Operation of plant	689,343	609,615	79,728
Maintenance of plant	8,738	24,719	(15,981)
Debt service	292,391	274,783	17,608
Total Expenses	3,293,463	3,522,161	(228,698)
Change in Net Position (Deficit)	(1,147,714)	(685,834)	(461,880)
Net Position at Beginning of Year	(396,748)	289,086	(685,834)
Net Position at End of Year	$ (1,544,462)	$ (396,748)	$ (1,147,714)

Enrollment decreased by 30 students or 12% in the current fiscal year, with 211 full-time equivalent students during fiscal year 2026 compared with 241 students during fiscal year 2025.

Total revenues decreased by approximately $691,000, or 24%, primarily attributable to a reduction in state and local funding and capital grants and contributions. During the current fiscal year, the School did not receive capital outlay funding, compared to the prior fiscal year.

Total expenses decreased by approximately $229,000, primarily due to lower school administration expenses. The overall decreases in revenues and expenses were largely attributable to a significant decline in student enrollment during the fiscal year, which resulted in reduced funding allocations and corresponding reductions in operating expenditures.

Governmental Funds

The School reports three major funds individually in the governmental fund financial statements. Most of the discussion regarding governmental activities is equally applicable to the finances of those governmental funds.

At the end of the fiscal year, the School's governmental general fund reported ending fund deficit of $(128,211). The general fund reported an unassigned fund deficit of $(128,211).

The special revenue fund reported an ending fund balance of $16,761 comprised of restricted lunch program funds of $4,547 and assigned community services fund of $12,214. The community services fund reflects the activity in the School's internal funds and accounts for the current year's change in the ending fund balance.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

The School's investment in capital and right of use assets as of June 30, 2026 amounts to $13,587,748 (net of accumulated depreciation and amortization). This investment in capital assets includes right of use lease asset (building), furniture, fixtures and equipment, and building and improvements. There were no significant asset additions during the year. Information on the School's capital assets can be found in Note 2.

The School's leased facilities are located at 4072 Sunbeam Road, Jacksonville, Florida 32257.

Long-Term Liabilities

As of June 30, 2026, the School had long-term lease liabilities of $14,881,934 associated to its right of use lease asset (building).

The lease asset is amortized using the straight-line method over the term of the lease and the lease liability amortizes based on the effective interest method resulting in a higher liability and expense during the early years of the lease.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

Currently known facts, decisions or conditions expected to affect the School's financial position include:

- **Enrollment –** Enrollment is projected to be approximately 200 in fiscal year 2027.
- **Changes in funding or legislative appropriations** – There are no significant changes in funding or legislative appropriations that affect the School.
- **Major program changes or new initiatives –** There are no major program changes or new initiatives for next school year.

- **Planned capital projects or financing activities –** The charter holder is currently pursuing a restructuring of the outstanding bond obligations to enhance financial flexibility and support the School's ongoing operations.

Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to San Jose Primary School, 4072 Sunbeam Road, Jacksonville, Florida 32257.

San Jose Primary School
(A Charter School under Bold City Education, Inc.)

Statement of Net Position
June 30, 2026

	Governmental Activities
Assets	
Current Assets:	
Cash	$ 67,185
Due from other agencies	31,175
Due from San Jose Early College at Cecil	13,293
Due from San Jose Preparatory	290,574
Total Current Assets	402,227
Capital Assets, net:	
Capital assets, depreciable	237,136
Less: accumulated depreciation	(157,692)
Right of use lease asset	15,618,974
Less: accumulated amortization	(2,110,670)
Total Capital Assets, net	13,587,748
Total Assets	13,989,975
Liabilities and Net Position	
Current Liabilities:	
Salaries and wages payable	55,372
Accounts payable	37,986
Due to Bold City Education, Inc.	420,319
Compensated absences	19,295
Due to other agencies, current	75,492
Lease liability, current	681,970
Total Current Liabilities	1,290,434
Due to other agencies	44,039
Lease liability	14,199,964
Total Liabilities	15,534,437
Net Position	
Net investment in capital assets	(1,294,186)
Restricted	4,547
Unrestricted	(254,823)
Total Net Position	$ (1,544,462)

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

San Jose Primary School
(A Charter School under Bold City Education, Inc.)

Statement of Activities
For the year ended June 30, 2026

Primary Government:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:					
Instruction	$ 1,171,023	$ -	$ 121,510	$ -	$ (1,049,513)
Student support services	57,307	-	-	-	(57,307)
Board	188,509	-	-	-	(188,509)
General administration	88,745	-	-	-	(88,745)
School administration	717,920	-	-	-	(717,920)
Fiscal services	28,474	-	-	-	(28,474)
Food services	51,013	7,201	46,812	-	3,000
Operation of plant	689,343	-	-	26,920	(662,423)
Maintenance of plant	8,738	-	-	-	(8,738)
Debt service	292,391	-	-	-	(292,391)
Total governmental activities	3,293,463	7,201	168,322	26,920	(3,091,020)
General revenues:					
State and local sources					1,927,370
Other revenue					15,936
Change in net position					(1,147,714)
Net position, beginning					(396,748)
Net position, ending					$ (1,544,462)

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

San Jose Primary School
(A Charter School under Bold City Education, Inc.)

Balance Sheet - Governmental Funds
June 30, 2026

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash	$ 50,424	$ 16,761	$ 67,185
Due from other agencies	-	31,175	31,175
Due from fund	31,175	-	31,175
Due from San Jose Early College at Cecil	13,293	-	13,293
Due from San Jose Preparatory	290,574	-	290,574
Due from other divisions of Bold City Education, Inc.	-	-	-
Total Assets	385,466	47,936	433,402
Deferred Outflows of Resources	-	-	-
Liabilities			
Salaries and wages payable	55,372	-	55,372
Accounts payable	37,986	-	37,986
Due to Bold City Education, Inc.	420,319	-	420,319
Due to fund	-	31,175	31,175
Total Liabilities	513,677	31,175	544,852
Deferred Inflows of Resources	-	-	-
Fund Balance			
Assigned	-	12,214	12,214
Restricted	-	4,547	4,547
Unassigned	(128,211)	-	(128,211)
	(128,211)	16,761	(111,450)
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 385,466	$ 47,936	$ 433,402

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

San Jose Primary School
(A Charter School under Bold City Education, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2026

Total Fund Balance - Governmental Funds		$ (111,450)
Amounts reported for governmental activities in the statement of net position are different because:		
Depreciable and non-depreciable capital assets net of accumulated depreciation and amortization used in governmental activities are not financial resources and therefore are not reported in the fund.		
Capital assets, depreciable	237,136	
Less: accumulated depreciation	(157,692)	
Right-of-use lease asset	15,618,974	
Less: accumulated amortization	(2,110,670)	13,587,748
Long-term liabilities in governmental activities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Compensated absences	(19,295)	
Due to other agencies	(119,531)	
Lease liability	(14,881,934)	(15,020,760)
Total Net Position - Governmental Activities		$ (1,544,462)

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

San Jose Primary School
(A Charter School under Bold City Education, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2026

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
Local sources	$ 153,969	$ -	$ 26,920	$ 180,889
State passed through local	1,773,401	-	-	1,773,401
Federal sources	-	168,322	-	168,322
Charges for services and other revenue	15,936	7,201	-	23,137
Total Revenues	1,943,306	175,523	26,920	2,145,749
Expenditures:				
Current				
Instruction	1,072,562	90,335	-	1,162,897
Student support services	57,307	-	-	57,307
Board	188,509	-	-	188,509
General administration	88,745	-	-	88,745
School administration	717,920	-	-	717,920
Fiscal services	28,474	-	-	28,474
Food services	-	51,013	-	51,013
Operation of plant	267,209	-	-	267,209
Maintenance of plant	8,738	-	-	8,738
Capital Outlay:				
Other capital outlay	5,000	-	-	5,000
Debt Service:				
Interest	-	-	292,391	292,391
Total Expenditures	2,434,464	141,348	292,391	2,868,203
Excess (deficit) of revenues over expenditures	(491,158)	34,175	(265,471)	(722,454)
Other financing sources (uses)				
Increase in due to other agencies	119,531	-	-	119,531
Increase in deferred rent	-	-	262,391	262,391
Transfers in (out)	14,334	(17,414)	3,080	-
Net change in fund balance	(357,293)	16,761	-	(340,532)
Fund Balance at beginning of year	229,082	-	-	229,082
Fund Balance at end of year	$ (128,211)	$ 16,761	$ -	$ (111,450)

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

San Jose Primary School
(A Charter School under Bold City Education, Inc.)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
June 30, 2026

Net Change in Fund Balance - Governmental Funds		$ (340,532)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense.		
Capital Outlay	5,000	
Depreciation and amortization expense	(434,733)	(429,733)
Increase in long-term liabilities is revenue in the governmental funds, but a decrease or repayment of such payables reduces liabilities in the statement of net position.		
Increase in due to other agencies	(119,531)	
Increase in deferred rent	(262,391)	
Change in compensated absences	4,473	(377,449)
Change in Net Position of Governmental Activities		$ (1,147,714)

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

San Jose Primary School ("School"), a charter school under Bold City Education, Inc., previously known as River City Education Organization, Inc. and is a component unit of the District School Board of Duval County, Florida. The School is sponsored by its charter-holder, Bold City Education, Inc., 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 four members.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Bold City Education, Inc., as of June 30, 2026, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

These financial statements are for the year ended June 30, 2026, when on average 211 students were enrolled for the school year.

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 Duval County School Board, Florida, ("District"). The charter was renewed effective July 1, 2025, for an additional five-year period ending on June 30, 2030. It is subject to annual review and may be renewed by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District 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 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Basis of Presentation

The School's accounting policies conform to accounting principles generally accepted in the United States as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position 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 and so will not be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Inter-fund Transfers

Inter-fund receivables/payables ("due from/to") are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information about the School as a whole. Any internal interfund activity has been eliminated from these financial statements. Both statements report only governmental activities as the School does not engage in any business type activities. These statements also do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues, and other state and local sources.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. The School reports the following major governmental funds:

General Fund - is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.

Special Revenue Fund – accounts for specific revenues, such as federal funding, internal account and federal lunch program that are legally restricted to expenditures for particular purposes.

Capital Projects Fund - is used to account for the resources restricted for the acquisition or construction of specific capital assets and from state and local capital funding.

Measurement Focus and Basis of Accounting

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidance*.

The government-wide statements report using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when the School provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, in the fiscal year in which all eligibility requirements have been satisfied. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues and other miscellaneous sources.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable.

Note 1 – Summary of Significant Accounting Policies (continued)

When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using 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). Revisions to the annual budget are approved by the Board.

Cash and Investments

Cash is held by banks qualified as public depositories under Florida law. All deposits are insured by federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The School's cash consists primarily of demand deposits with financial institutions.

The School has not adopted a formal deposit and investment policy that limits the School's allowable deposits or investments and address specific types of risk; however, the School invests excess deposit funds in a government money market mutual fund. The School follows the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, GASB Statement No. 72, *Fair Value Measurement and Application*, and other related standards which establish accounting and financial reporting standards for all investments (see Note 3). Money market investment that has maturities of one year or less from the date of acquisition are reported at amortized cost rather than fair value. Amortized cost closely approximates fair value.

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School. No allowance for uncollectible accounts is deemed necessary.

Capital Assets

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with cost of $1,000 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital assets are depreciated using the straight-line method. When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the government wide statements. Proceeds received from the sale or disposal of capital assets are recorded as Other Financing Sources in the governmental funds.

The right to use assets are initially measure at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Estimated useful lives, in years, for capital assets are as follows:

Right-of-use asset (building)	35 Years
Furniture, Fixtures and Equipment	5 - 7 Years

Compensated Absences

GASB Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. GASB Statement No. 101 establishes guidance for measuring a liability that has not been used, generally using an employee's pay rate as of the date of the financial statements.

The School grants a specific number of paid time off days. Employees are eligible to one day per month to up to ten days of active work during the ten-month period, and up to twelve days of active works during the twelve-month period. In the event that available time is not used by the end of the period, ten-month employees may "rollover" unused days up to five days into the following school year and cannot exceed fifteen paid time off days in a period, and twelve-month employees may "rollover" up to 6 days and cannot exceed a balance of eighteen paid time off days in a period. If employment is terminated before the end of the contracted term, either by the employee or the employer, no paid time off will be paid out.

The compensated absences liability includes an accrual for the cash out days and personal time off for services already rendered.

Long-Term Debt and Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

Note 1 – Summary of Significant Accounting Policies (continued)

Revenue Sources

Revenues for current operations are received primarily from the state through 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, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District.

Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (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.

After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made. In addition, the School receives a portion of the local operating millage revenues levied by the District (Referendum).

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for lease of school facilities. In addition, the School may receive a portion of the local capital improvement tax revenues levied by the District.

Finally, the School also receives Federal awards for the enhancement of various educational programs. Federal awards are 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. Any excess amounts are recorded as deferred revenues until expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Net Position and Fund Balance Classifications

Government-wide financial statements

Equity is classified as net position and displayed in three (3) components:

a) Net investment in capital assets - consists of capital assets net of accumulated depreciation and amortization and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.

b) Restricted net position - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.

Note 1 – Summary of Significant Accounting Policies (continued)

c) Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for a specific purpose, it is the School's policy to use restricted resources first, until exhausted, before using unrestricted resources.

Fund financial statements

Under GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement 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 properly reported within one of the fund balance categories lists below:

a) Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with prepaid expenses.
b) Restricted - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The restricted funds at year-end pertains to the School's Lunch account.
c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
d) Assigned - fund balance classification is intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. The assigned funds at year-end pertains to the School's Internal account.
e) Unassigned - portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Income Taxes

Bold City Education, Inc. qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Prepaid Expenses and Other Assets

Other assets consist mainly of prepaid expenses which are payments for goods or services that have not been consumed or used at year end. The expenditure will be recorded when the asset is used. Accordingly, prepaid expenses are equally offset by a nonspendable fund balance classification.

Note 1 – Summary of Significant Accounting Policies (continued)

New Accounting Standard Adopted

In fiscal year 2026, the School adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. Statement No. 103 requirements updates reporting requirements and changes to MD&A, unusual/infrequent items, proprietary fund presentation, major component units, budgetary comparison information and statistical information. The adoption of this statement did not have a material impact on the School's financial statements. This statement was applied prospectively.

In fiscal year 2026, the School adopted GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. Statement No. 104 requires certain capital assets to be separately identified within the capital asset footnote. This includes lease assets by major class of underlying asset and other specified categories of capital assets. It also establishes accounting and disclosure requirements for capital assets held for sale. The adoption of this statement did not have a material impact on the School's financial statements. This statement was applied prospectively.

Pronouncements Issued But Not Yet Effective

The GASB issued GASB Statement No. 105, *Subsequent Events*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2026. The School is currently evaluating the effect that the implementation of the new standards will have on its financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through October 19, 2026, which is the date the financial statements were available to be issued. See Note 13.

Note 2 – Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2026:

Capital Assets:	Balance 07/01/25	Additions	Retirements/ Reclassifications	Balance 06/30/26
Building and improvements	$ -	$ 5,000	$ -	$ 5,000
Furniture, fixtures and equipment	232,136	-	-	232,136
Total Capital Assets	232,136	5,000	-	237,136
Less Accumulated Depreciation:				
Improvements	-	(167)	-	(167)
Furniture, fixtures and equipment	(145,093)	(12,432)	-	(157,525)
Total Accumulated Depreciation	(145,093)	(12,599)	-	(157,692)
Total Capital Assets, being depreciated, net	$ 87,043	$ (7,599)	$ -	$ 79,444
Lease Assets:				
Right of use lease asset (building)	$ 15,618,974	$ -	$ -	$ 15,618,974
Less accumulated amortization	(1,688,536)	(422,134)	-	(2,110,670)
Total Lease Assets being amortized, net	13,930,438	(422,134)	-	13,508,304
Governmental Activities Capital Assets, net	$ 14,017,481	$ (429,733)	$ -	$ 13,587,748

For the fiscal year ended June 30, 2026, depreciation and amortization expense is allocated in the Statement of Activities by function as follows:

	Depreciation	Amortization
Instruction	$ 12,599	$ -
Operation of plant	-	422,134
	$ 12,599	$ 422,134

Note 3 – Deposits and Investments

Deposits

Custodial Credit Risk - In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School does not have a custodial credit risk policy. All cash deposits are held in banks that qualify as public depositories under Florida law. All such deposits are insured by federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty that is in possession of investment or collateral securities, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Note 4 – Due from Other Agencies

The following is due from other agencies as of June 30, 2026:

Funding Source	Governmental Fund	
Title I	Special Revenue Fund	$ 31,175
Total Due from Other Agencies		$ 31,175

Note 5 – Service Provider

Building Hope Services, LLC a professional charter school service provider, provides accounting and finance services, including, but not limited to, maintenance of the books and records, bookkeeping, budgeting, payroll processing, monthly and quarterly and year-end financial reporting.

The agreement between the School and the service provider calls for a fee of $100 per full time equivalent (FTE) student per year. The agreement can be terminated at any time by the board with 30 day notice. During the year ended June 30, 2026, the School incurred approximately $21,000 in service fees, which are included in the outstanding accounts payable balance as of year-end. Building Hope Services is located at 1225 SE 2nd Avenue, Fort Lauderdale, Florida, 33316.

Note 6 – Transactions with other divisions of Bold City Education, Inc.

The School entered into a contract effective July 1, 2020, with San Jose Schools Support, LLC (SJSS). The contract calls for SJSS to provide a broad range of administrative services to the School for a fee of 8% of State revenues. During the current year, the fees were waived by SJSS.

The due to Bold City Education, Inc. balance is an amount due to San Jose Schools Support, LLC, the School's management company, for advances from and shared expenditures with San Jose Prep, and San Jose Early College at Cecil, charter schools under the same charter holder. As of June 30, 2026, the total amount due to Bold City Education, Inc. is $420,319.

For 2026, the School's facility was shared with San Jose Preparatory. Through the board of directors, management allocates a proportionate share of salaries, supplies, and other expenses to each school individually based on student enrollment and usage of facilities and staff to these schools and other schools operated by Bold City Education, Inc. The School's lunch program is shared with various other charter schools under Bold City Education, Inc. As of June 30, 2026, the balances due from San Jose Preparatory and San Jose Early College at Cecil were $290,574 and $13,293, respectively.

Note 7 –Interfund Transfer

Interfund transfers in government funds as of June 30, 2026 consists of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund
To reimburse General Fund for prior period's expenditures	$ 17,414	$ (17,414)	$ -
To fund debt service payments	(3,080)	-	3,080
Total Transfers, net	$ 14,334	$ (17,414)	$ 3,080
Due from/(Due to) fund balances are as follows:			
Due to General Fund from Special Revenue Fund for federal funds	$ (31,175)	$ 31,175	$ -
Total Due from/(Due to)	$ (31,175)	$ 31,175	$ -

Note 8 – Long-Term Liabilities

On December 30, 2021, Florida Development Finance Corporation issued tax-exempt revenue bonds of $56,765,000 on behalf of San Jose Growth Fund, LLC (an affiliate of the School, borrower and landlord, whose sole member is Bold City Education, Inc. previously known as River City Education Organization, Inc. (the Organization)), to be secured by a first mortgage on the land and property owned by the Organization as well as revenues of San Jose Primary School, San Jose Preparatory, San Jose Early College at Cecil and Padawan Academy (the "Obligated Schools"). During fiscal year 2024, Padawan Academy was closed. The proceeds of the bond issue have been used to refinance the existing debt and to finance capital improvements and campus expansion of the Obligated Schools, fund a debt service reserve fund, and pay costs of the bond issuance.

To fund the debt service of the bond obligations, the School entered into a 35-year lease for its educational facility with San Jose Growth Fund, LLC (an affiliate of the School and landlord of the leased property – Note 6). The lease contains required monthly minimum lease payments as of that date calculated with an expected minimum enrollment of 450 and of $1,400 per student. Amortization of the leased asset recorded under this lease is included in operation of plant in the statement of activities in the accompanying financial statements. The agreement continues through December 31, 2056.

The average borrowing rate was approximately 4.5% which was used to discount the annual lease payments. During the fiscal year ended June 30, 2026, the School deferred on certain lease payment obligations. The unpaid amounts were subsequently included in the outstanding lease liability balance as of June 30, 2026.

For the year ended June 30, 2026, interest expense totaled $292,391, as it relates to its lease agreements. For the year ended June 30, 2026, there were no variable credits and other payments in connection with the lease agreement.

Note 8 – Long-Term Liabilities (continued)

All the School's revenues (except for revenues restricted or assigned for specific programs) are pledged, under this bond issuance, to the lease and security agreement for the outstanding principal and interest balance until maturity. The outstanding balance as of June 30, 2026, was $56,765,000.

The charter holder's debt agreements contain various covenants, restrictions and financial test requirements. As of June 30, 2026, the charter holder was not in compliance with various bond covenants and reporting requirements. The charter holder is currently pursuing a restructuring of the outstanding bond obligations to enhance financial flexibility and support the School's ongoing operations. See Note 13.

Annual requirements to amortize the lease liability and related interest are as follows:

Year	Principal	Interest	Total	
2027	$ 681,970	$ 548,030	$ 1,230,000	
2028	351,249	278,751	630,000	
2029	358,274	271,726	630,000	
2030	365,439	264,561	630,000	
2031	372,748	257,252	630,000	
2032-2036	1,978,590	1,171,410	3,150,000	(Total for a five year period.)
2037-2041	2,184,524	965,476	3,150,000	(Total for a five year period.)
2042-2046	2,411,891	738,109	3,150,000	(Total for a five year period.)
2047-2051	2,662,922	487,078	3,150,000	(Total for a five year period.)
2052-2056	2,940,081	209,919	3,150,000	(Total for a five year period.)
2057	311,855	3,144	314,999	
	$ 14,619,543	$ 5,195,456	$ 19,814,999	

Changes in long-term lease liabilities during the year are as follows:

	Balance 07/01/25	Additions	Deletions	Balance 06/30/26
Lease liability	$ 14,619,543	$ -	$ -	$ 14,619,543
Deferred rent	-	262,391		262,391
	$ 14,619,543	$ 262,391	$ -	$ 14,881,934

Note 9 – Contingencies and Concentrations

The School receives substantially all of its funding from state through the District under the Florida Education Finance Program (FEFP) and various other state local funding. The FEFP is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations.

Note 9 – Contingencies and Concentrations (continued)

Additionally, the School receives various forms of federal, state and local funding which are subject to financial and compliance audits. It is the opinion of management that the amount of funding, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee based on the qualifying revenues of the School. For the year ended June 30, 2026, administrative fees withheld by the School District totaled $88,745.

Contingencies

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.

Legal Settlement

During the fiscal year 2026, Bold City Education, Inc. entered into a settlement agreement with a third party on behalf of the School, San Jose Preparatory, and San Jose Early College at Cecil regarding a noncompliance with certain facility services rental agreement. The parties have agreed to settle the matter in controversy and commencing on March 10, 2026, the schools shall pay the total amount of $60,000 by making twelve monthly installments of $5,000 until paid in full by February 10, 2027. As of June 30, 2026, the School paid a total of $4,000 related to this settlement and it has been reflected in board in the statement of activities.

Due to Other Agencies

During the fiscal year 2026, the School incurred a financial obligation to the School Board of Duval County arising from audit findings associated with San Jose Cyber. Effective February 1, 2026, the School District of Duval County may withhold, for a period of twenty-four consecutive months, the sum of $6,291 per month for a total of $150,986 from public funds that are otherwise due and payable to the School. As of June 30, 2026, the School paid a total of $31,455 related to this settlement and it has been reflected in board in the statement of activities.

As of June 30, 2026, the outstanding balance due to other agencies was the following:

	Balance 07/01/25	Increases	Decreases	Balance 06/30/26
Due to other agencies	$ -	$ 150,986	$ (31,455)	$ 119,531
	$ -	$ 150,986	$ (31,455)	$ 119,531

Note 9 – Contingencies and Concentrations (continued)

Annual requirements to amortize the principal payments are as follows:

Year	Principal
2027	$ 75,492
2028	44,039
	$ 119,531

Note 10 – Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in any of the past three fiscal years. In addition, there were no reductions in insurance coverage from those in the prior year.

Note 11 – Defined Contribution Plan

The School participated in a defined contribution 401(k) retirement plan. The School contributed a 6% maximum match for participating employees. Contributions made by the School totaled $13,025 for the year ended June 30, 2026. Contributions are directed to individual employee's accounts, and the individual employees allocate contributions and account balances among various available investment choices, therefore, the School has no liability for the administration or payments of benefits of the plan, and accordingly, the present value of the related benefits is not reflected in these financial statements. The rate of contribution is set annually by the School's Board of Directors.

Note 12 – Compensated Absences

Compensated absences payable consist of leave benefits, paid time off, that employees earned based on services already rendered. Compensated absences are recognized as a liability when the leave accumulates, is attributable to past service, and it is more likely than not that the leave will be used or paid.

Changes in compensated absence liabilities during the year are as follows:

	Beginning Balance 7/1/2025	Increases	Decreases*	Ending Balance 6/30/2026	Due within one year
Compensated absences	$ 23,768	$ -	$ (4,473)	$ 19,295	$ 19,295
	$ 23,768	$ -	$ (4,473)	$ 19,295	$ 19,295

* The change in compensated absences is presented as a net change.

Note 13 – Subsequent Events

Subsequent to June 30, 2026, the charter holder negotiated a restructuring of the outstanding bonds with the representative of the bondholder. The Capital Trust Authority, as conduit issuer, is scheduled to consider approval of the bonds on October 15, 2026. Issuance and closing are expected on October 29, 2026.

The financing is expected to consist of $45,631,107 of revenue bonds issued by the Capital Trust Authority on behalf of the Schools:

- $31,418,680 Series 2026A Convertible Capital Appreciation Bonds, bearing interest at 5.50%, with a final maturity of December 15, 2056;
- $1,830,840 Series 2026C Taxable Bonds, bearing interest at 10.00%, with a final maturity of December 15, 2034; and
- a $12,381,587 Series 2026B Cash Flow Note, bearing interest at 8.00%, payable solely from surplus cash flow, with a final maturity of December 15, 2055.

Right of use asset (building) and lease liability will be remeasured and allocated between the School and San Jose Preparatory.

Interest on the Series 2026A and 2026C Bonds accretes through June 30, 2029, with cash payments beginning in December 2029.

The bonds will be secured under a Master Trust Indenture by a pledge of the Schools' gross revenues and a mortgage on the Schools' facilities. The indenture requires all revenues to be deposited with the master trustee and applied monthly to operating expenses, debt service and required reserves. It also contains covenants, including a liquidity requirement measured in days cash on hand.

As of the date these financial statements were ready to be issued, the transaction had not closed, and final terms remain subject to negotiation and Capital Trust Authority approval. The School is evaluating the accounting and reporting for the restructuring, which will be reflected in the financial statements for the year ending June 30, 2027.

REQUIRED SUPPLEMENTARY INFORMATION

San Jose Primary School
(A Charter School under Bold City Education, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund
For the year ended June 30, 2026

	General Fund			Variance	
	Original Budget	Final Budget	Actual	Final Budget Over / (Under) Original Budget	Actual Over / (Under) Final Budget
REVENUES					
State passed through local	$ 1,948,844	$ 1,771,926	$ 1,773,401	$ (176,918)	$ 1,475
Local sources	139,002	143,669	153,969	4,667	10,300
Charges for services and other revenue	-	14,871	15,936	14,871	1,065
Total Revenues	2,087,846	1,930,466	1,943,306	(157,380)	12,840
EXPENDITURES					
Current:					
Instruction	1,142,691	1,166,749	1,072,562	24,058	(94,187)
Student support services	37,072	63,572	57,307	26,500	(6,265)
Board	42,333	36,045	188,509	(6,288)	152,464
General administration	96,477	89,310	88,745	(7,167)	(565)
School administration	517,635	607,883	717,920	90,248	110,037
Fiscal services	34,900	30,400	28,474	(4,500)	(1,926)
Operation of plant	457,349	331,210	267,209	(126,139)	(64,001)
Maintenance of plant	20,000	13,876	8,738	(6,124)	(5,138)
Total Current Expenditures	2,348,457	2,339,045	2,429,464	(9,412)	90,419
Excess (Deficit) of Revenues Over Current Expenditures	(260,611)	(408,579)	(486,158)	(147,968)	(77,579)
Capital Outlay					
Other Capital Outlay	-	-	5,000	-	5,000
Total Capital Outlay and Debt Service Expenditures	-	-	5,000	-	5,000
Total Expenditures	2,348,457	2,339,045	2,434,464	(9,412)	95,419
Excess (Deficit) of Revenues Over Expenditures	(260,611)	(408,579)	(491,158)	(147,968)	(82,579)
Other financing sources (uses):					
Increase in due to other agencies	-	-	119,531	-	119,531
Transfers in (out)	-	-	14,334	-	14,334
Net change in fund balance	(260,611)	(408,579)	(357,293)	(147,968)	51,286
Fund Balance at beginning of year	229,082	229,082	229,082	-	-
Fund Balance at end of year	$ (31,529)	$ (179,497)	$ (128,211)	$ (147,968)	$ 51,286

See accompanying notes to the budgetary comparison schedules.

San Jose Primary School
(A Charter School under Bold City Education, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Special Revenue Fund
For the year ended June 30, 2026

	Special Revenue Fund			Variance	
	Original Budget	Final Budget	Actual	Final Budget Over / (Under) Original Budget	Actual Over / (Under) Final Budget
REVENUES					
Federal sources	$ 163,905	$ 163,905	$ 168,322	$ -	$ 4,417
Charges for services and other revenue	-	8,888	7,201	8,888	(1,687)
Total Revenues	163,905	172,793	175,523	8,888	2,730
EXPENDITURES					
Current:					
Instruction	92,651	90,500	90,335	(2,151)	(165)
Food services	36,386	43,266	51,013	6,880	7,747
Total Current Expenditures	129,037	133,766	141,348	4,729	7,582
Deficit of Revenues Over Current Expenditures	34,868	39,027	34,175	4,159	(4,852)
Total Expenditures	129,037	133,766	141,348	4,729	7,582
Deficit of Revenues Over Expenditures	34,868	39,027	34,175	4,159	(4,852)
Other financing sources (uses)					
Transfers in (out)	-	(17,414)	(17,414)	(17,414)	-
Net change in fund balance	34,868	21,613	16,761	(13,255)	(4,852)
Fund Balance at beginning of year	-	-	-	-	-
Fund Balance at end of year	$ 34,868	$ 21,613	$ 16,761	$ (13,255)	$ (4,852)

See accompanying notes to the budgetary comparison schedules.

Note 1 – Budgets and Budgetary Accounting

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. The original budget and any subsequent amendments are approved by the Board of Directors.

Note 2 – Variances

The variances in State Passed Through Local in the General Fund occurred because the original budget included a higher student count than the actual enrollment observed during the year.

The variances in Instruction expenditure in the General Fund occurred because the actual expenditure reflects a closer alignment of staffing allocations with actual student enrollment.

The variances in Board expenditure and in the Increase in Due to Other Agencies in the General Fund occurred primarily due to the accrual of the outstanding debt with the District incurred in current year which was not budgeted for.

The variances in School Administration expenditure in the General Fund occurred because the School incurred higher comprehensive insurance and payroll costs than budgeted for this category.

The variances in Operation of Plant expenditure in the General Fund occurred because the final budget included a higher balance of group insurance costs than the actual expenditure in this category.

HLB GRAVIER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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
San Jose Primary School
Jacksonville, Florida

We have audited, 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, the financial statements of the governmental activities and each major fund of San Jose Primary School as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise San Jose Primary School's basic financial statements, and have issued our report thereon dated October 19, 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 School'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. Significant deficiencies may exist that were not identified.

We identified certain deficiencies in internal control described in the accompanying Appendix to Management Letter as item ML- 24-01 and ML- 25-01, that we considered to be a material weakness.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying management letter as item ML 24-01 and ML 25-01 dated October 19, 2026 pursuant to Chapter 10.850, Rules of the Auditor General.

Status of Prior Year Findings and Recommendations

Condition: During the audit, we noted various disbursements without supporting invoices and/or lack of appropriate approvals on the supporting Charter Ace software. In addition, we identified instances in which invoices relating to goods received or services performed prior to the year-end date was not recorded as payables in the proper period.

Status: The School has implemented procedures to ensure that supporting documentation is properly uploaded to the Charter Ace software. However, during the audit, the auditor observed that not all disbursements were accompanied by the required documentation in the system. Accordingly, the auditor reiterates the recommendation for continued improvement in the upcoming school year.

Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the findings identified in our engagement and described in the accompanying appendix to the management letter. The School's response was not subjected to the other auditing procedures applied in the engagement to audit the financial statement 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 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.

HLB Gravier, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
October 19, 2026

HLB GRAVIER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT LETTER

To the Board of Directors of
San Jose Primary School
Jacksonville, Florida

Report on the Financial Statements

We have audited the financial statements of San Jose Primary School, Jacksonville, Florida as of and for the fiscal year ended June 30, 2026 and have issued our report thereon dated October 19, 2026.

Auditor's Responsibility

We were engaged to audit, in accordance with the 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 Charter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' 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 schedules which are dated October 19, 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.

See attached addendum titled Status of Prior Year Findings and Recommendations.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires 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 is San Jose Primary School, (W/L# 5761).

Financial Condition and Management

Section 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 San Jose Primary School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that San Jose Primary School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for San Jose Primary School. It is management's responsibility to monitor San Jose Primary 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.

We have applied such procedures as of the fiscal year end and noted the following deteriorating financial condition as noted in the attached addendum ML 25-01.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendation to improve financial management. In connection with our audit, we have the recommendations which are described in the accompanying appendix to the management letter as item ML – 24-01 and ML – 25-01.

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 San Jose Primary 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 San Jose Primary 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 us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste or abuse, that have occurred, or are likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

HLB Gravier, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
October 19, 2026

Appendix to Management Letter
June 30, 2026

Status of Prior Year Findings and Recommendations

ML – 24-01 Disbursements, Accounts Payable Completeness and Cutoff: Second Preceding Fiscal Year

Recommendation: We recommend that the School adhere to the internal control policies and procedures relating to cash disbursements so that all disbursements are properly approved and have the appropriate source documentation on file. In addition, we recommend that a policy be implemented where all database ledgers and/or supporting schedules are reconciled monthly to the general ledger. Invoices received subsequent to year-end should also be reviewed in order to determine if any unrecorded liabilities exist at year-end, and if necessary, an accrual should be recorded for those items identified as relating to the prior period.

Status: The School has implemented procedures to ensure that supporting documentation is properly uploaded to the Charter Ace software, and to ascertain that invoices received subsequently to year-end were reviewed and, if deemed necessary, an accrual was recorded as relating to the prior period. However, during the audit, the auditor observed that not all disbursements were accompanied by the required documentation in the system. Accordingly, the auditor reiterates the recommendation for continued improvement in relation to cash disbursements procedures in the upcoming school year.

Views of Responsible Officials: See Letter Attached.

ML - 25-01 Deteriorating Financial Condition: Repeat Finding

Recommendation: The governing board and management should make any necessary revisions to the 2026-2027 budget to monitor budget to actual financial results on a monthly basis to ensure the School can sustain operating requirements while the bondholder works with the beneficial owner of the bonds in the restructuring of the bonds.

Status: The charter holder is working with the beneficial owner in the restructuring of the bonds.

Views of Responsible Officials: See Letter Attached.

MANAGEMENT RESPONSE LETTER

Date: October 13, 2026

To: HLB Gravier, LLP

From: Management and the Board of Directors of Bold City Education, Inc.

Regarding: Management Response to the Appendix to the Management Letter for San Jose Primary School (W/L #5761) for the Fiscal Year Ended June 30, 2026

ML-24-01: Disbursements, Accounts Payable Completeness and Cutoff (Repeat Finding)

Management's Response and Corrective Action Plan:

Management acknowledges the auditor's findings regarding cash disbursement documentation completeness and cutoff controls. While the School implemented standard checking mechanisms to review subsequent invoices and track uploads into the **Charter Ace** software ecosystem, we recognize that missing elements remain on a selection of processed items.

To completely correct this error trend for the 2026–2027 school year, the School is enacting the following programmatic updates:

- **Staff Retraining & Alignment:** School fiscal administrators will undergo mandatory workflow evaluations to ensure absolute clarity on internal control policies matching the Charter Ace setup.
- **Documentation Pre-Requisites:** System workflows will prevent cash disbursements from being processed or finalized unless complete source documentation and clear verification markers are saved digitally within Charter Ace prior to release.
- **Interim Reviews:** Management, alongside our third-party finance partner (**Building Hope Services, LLC**), will install a monthly random-sampling audit format to confirm 100% data attachment compliance before sealing periodic general ledgers.
- **The Headstart ECS Program** is now implemented at San Jose Primary increasing the feeder enrollment to Kindergarten.
- **UNISIG** Children's Literacy Initiative (CLI) is a comprehensive, school-based literacy partnership designed to strengthen instructional practice.

ML-25-01: Deteriorating Financial Condition (Repeat Finding)

Management's Response and Corrective Action Plan:

Management and the Governing Board acknowledge the auditor's assessment regarding the School's deteriorating financial condition, influenced heavily by a **12% contraction in student enrollment** (down to 211 FTE students) during the 2025–2026 fiscal cycle.

To reverse this financial deflection and balance core operating capacities, the Board and leadership team are executing a unified financial restoration plan:

1. General Budget Re-alignment & Continuous Oversight

- **Conservative Budget Modeling:** The Governing Board has constructed the revised **2026–2027 school year budget** using a highly conservative forecast of **200 students**. Budget-to-actual financial targets will be evaluated on a strict monthly schedule to prevent cost overruns.
- **Footprint Adjustments:** Unlike preceding operational terms, management will maximize internal staff shares and optimize overhead allocations to align tightly with the reduced baseline of K–5 learners.

2. Network Bond Restructuring and Facility Cost Relief

- **Imminent Bond Closure:** Bold City Education, Inc. has finalized terms with the bondholder representative to restructure the outstanding **$56,765,000 bond debt**. The Capital Trust Authority, as the conduit issuer, is scheduled to review the definitive terms on **October 15, 2026**, with an anticipated transaction closing date of **October 29, 2026**.
- **Operational Cash Flow Protection:** Under the newly crafted terms, interest requirements for the **Series 2026A and 2026B Bonds** will accrete clean through June 30, 2029, entirely removing physical cash payment strains until **December 2029**. Furthermore, approximately **$12,381,587** (still subject to minor adjustments before closing) is structured as a **Series 2026C Cash Flow Note**, which restricts payments *solely to periods when surplus cash flow exists*.
- **Lease Allocation Adjustments:** Immediately after the restructure closes, the facility's right-of-use asset and underlying lease liability will be formalistically re-assigned and reallocated between San Jose Primary School and San Jose Preparatory. This realignment will heavily reduce the Primary School's baseline lease liabilities to match actual student density, alleviating long-term operational deficit pressures.

Management remains fully confident that these tight internal budgeting checks, paired with immediate debt relief from the closing bond restructuring, will stabilize the School and put it back on a sustainable financial path.

Ryan L. Rewey

CEO Bold City Education