Waterset Charter School

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

Basic Financial Statements
For the Year Ended June 30, 2026

Waterset Charter School

Table of Contents

Independent Auditor's Report	1-3
Management's Discussion and Analysis (Not Covered by Independent Auditor's Report)	4-8
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Notes to Financial Statements	15-26
Required Supplementary Information (Not Covered by Independent Auditor's Report)	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	27
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Grants Fund	28
Notes to Budgetary Comparison Schedules	29
Other Independent Auditor's Reports	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	30-31
Management Letter Required by Chapter 10.850 of the *Rules of the Auditor General* of the State of Florida	32-33

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Waterset Charter School
A Department of Florida Charter Educational Foundation, Inc.
Apollo Beach, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Waterset Charter School (the "School"), a Department of Florida Charter Educational Foundation, Inc. and a component unit of the School District of Hillsborough County, Florida, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and changes in financial position of only that portion of the governmental activities and each major fund of Florida Charter Educational Foundation, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Florida Charter Educational Foundation, Inc. as of June 30, 2026 or its changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

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Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and the budgetary comparison information on pages 27 through 29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 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.

Citrin Cooperman & Company, LLP

Fort Lauderdale, Florida
September 29, 2026

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Waterset Charter School (the "School"), a Department of Florida Charter Educational Foundation, Inc., and a component unit of the School District of Hillsborough County, Florida, we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the years ended June 30, 2026 and 2025.

Management's discussion and analysis is included at the beginning of the School's financial statements to provide, in layman's terms, the past and current position of the School's financial condition. This summary should not be taken as a replacement for the audit which consists of the financial statements.

Financial Highlights

Our financial statements provide these insights into the results of this year's operations.

- As of June 30, 2026, the School's fund balances were $ 1,737,048, as compared to $ 1,371,049 as of June 30, 2025.

- As of June 30, 2026, the School had a net position of $ 530,142, as compared to $ 837,718 as of June 30, 2025.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's financial statements. The School's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

The statement of net position presents information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the components reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and services rendered but unpaid).

The government-wide financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Overview of the Financial Statements (continued)

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The General Fund, Grants Fund, Capital Projects Fund, Debt Service Fund and Club and Activities Fund are considered to be the School's major funds.

The School adopts an annual budget for its governmental funds except for the Capital Projects Fund, the Debt Service Fund and the Club and Activities Fund. A budgetary comparison schedule has been provided for the General Fund and Grants Fund to demonstrate compliance with the budget.

The governmental funds financial statements can be found on pages 11 through 14 of this report.

Notes to Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 15 through 26 of this report.

Financial Summary and Detailed Analysis

Government-Wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of financial position. In the case of the School, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $ 530,142 at the close of the most recent fiscal year.

Government-Wide Financial Analysis (continued)

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

Waterset Charter School
Net Position

	June 30, 2026	June 30, 2025	Variance
Assets:			
Current and other assets	$ 2,323,905	$ 2,148,147	$ 175,758
Capital assets, net	15,760,629	16,493,784	(733,155)
Total assets	18,084,534	18,641,931	(557,397)
Liabilities:			
Other liabilities	948,114	1,063,265	(115,151)
Long-term liabilities	16,606,278	16,740,948	(134,670)
Total liabilities	17,554,392	17,804,213	(249,821)
Net Position:			
Net investment in capital assets	(1,037,733)	(360,327)	(677,406)
Restricted	158,588	137,077	21,511
Unrestricted	1,409,287	1,060,968	348,319
Total net position	$ 530,142	$ 837,718	$ (307,576)

Current and other assets increased primarily due to increases in cash and due from other governments associated with an increase in referendum funding and local capital outlay revenue. Capital assets, net of depreciation decreased due to the current depreciation expense of $ 1,091,037 offset by purchase of new assets of $ 357,882. Other liabilities decreased mainly due to decreases in trade and salaries payables attributable to reduced billings near year end and lower employee retention over the summer, respectively. Long-term liabilities decreased due to principal payments made on the School's lease and note payable, net of new note payable borrowings for the purchase of computer equipment.

Governmental Activities: The School's overall net position decreased $ 307,576 from the prior fiscal year. The reasons for this overall decrease are discussed in the following section for governmental activities.

Waterset Charter School
Change in Net Position

	June 30, 2026	June 30, 2025	Variance
Revenues:			
Program revenues:			
Charges for services	$ 479,228	$ 478,903	$ 325
Operating grants and contributions	818,753	1,185,622	(366,869)
Capital grants and contributions	1,044,418	902,427	141,991
General revenues:			
FEFP and other nonspecific revenues	10,797,947	9,687,812	1,110,135
Interest income	45,593	40,675	4,918
Miscellaneous income	1,038	109	929
Total revenues	$ 13,186,977	$ 12,295,548	$ 891,429

Governmental Activities (continued):

Waterset Charter School
Change in Net Position (continued)

	June 30, 2026	June 30, 2025	Variance
Functions/Program Expenses:			
Instruction	$ 4,731,196	$ 4,769,270	$ (38,074)
Student support services	376,452	354,983	21,469
Instructional staff training services	37,634	4,253	33,381
Instruction-related technology	333,907	229,468	104,439
Board services	28,173	90,485	(62,312)
General administration			
District administrative fee	96,852	96,156	696
Management fee	1,911,783	1,763,150	148,633
Other	4,913	-	4,913
Administrative services	811,577	654,244	157,333
Fiscal services	10,093	8,874	1,219
Food services	558,636	432,978	125,658
Central services	106,204	1,837	104,367
Operation of plant	1,855,684	1,771,201	84,483
Maintenance of plant	278,949	317,330	(38,381)
Administrative technology services	159,669	-	159,669
Community services	193,344	106,863	86,481
Extracurricular activities	407,295	388,386	18,909
Interest on long-term debt	1,592,192	1,596,377	(4,185)
Total expenses	13,494,553	12,585,855	908,698
Change in net position	(307,576)	(290,307)	(17,269)
Net position - beginning	837,718	1,128,025	(290,307)
Net position - ending	$ 530,142	$ 837,718	$ (307,576)

Program revenues declined primarily due to the expiration of ESSER funding in the prior year, partially offset by an increase in local capital outlay revenue. General revenues increased due to a referendum allocation added in the current year. Total expenses increased due to an increase in the annual management fee, as well as increases in payroll, contracted labor and other costs in instruction-related technology, school administration, central services, administrative technology services and other functions, partially offset by reduced costs in board services and maintenance of plant associated with certain nonrecurring costs in the prior year.

Financial Analysis of Governmental Funds

The General Fund is the chief operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the General Fund was $ 1,369,908, while total fund balance was $ 1,578,460. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 13.46% of total General Fund expenditures, while total fund balance represents 15.51% of that same amount.

The fund balance of the School's General Fund increased by $ 344,488 during the current fiscal year. The increase was mainly due to a referendum allocation being added in the current year.

Financial Analysis of Governmental Funds (continued)

The Grants Fund does not have an increase or decrease in fund balance during the fiscal year since this fund reports federal and certain state expenditure reimbursement grants and food service operations and related revenues and expenditures.

The Capital Projects Fund does not have an increase or decrease in fund balance during the current fiscal year since this fund reports state and local capital outlay funding that is used to cover interest expenditure on the facility lease.

The Debt Service Fund does not have an increase or decrease in fund balance during the current fiscal year since this fund is used to account for the accumulation of resources for, and the payment of, principal and interest on long-term obligations of governmental funds.

The Club and Activities Fund experienced an increase in fund balance during the current fiscal year as fundraising and extracurricular activities revenues increased by more than associated expenditures increased.

Significant Capital Assets and Long-term Financing Activity

Capital assets: At June 30, 2026, the School had capital assets of $ 15,760,629, net of accumulated depreciation and amortization, as compared to $ 16,493,784 at June 30, 2025, invested in furniture, fixtures and equipment, computer equipment, and improvements other than building. Major capital assets additions for the year included $ 357,882 for classroom furniture, student laptops and other computer equipment. Additional information on the School's capital assets can be found in Note 6 of this report.

Debt: At June 30, 2026, the School had outstanding debt of $ 16,798,362 as compared with $ 16,854,111 at June 30, 2025. The decrease is a result of scheduled principal payments in accordance with the required debt service schedules, net of new note payable borrowings for the purchase of computer equipment. Additional information on the School's debt can be found in Notes 7 through 9 of this report.

Currently Known Facts, Decisions, or Conditions

In fiscal year 2026, the state of Florida continued to include a teacher salary increase allocation of $ 1.36 billion. The capital outlay funding pool was $ 231 million.

For fiscal year 2027, the funding for teacher salaries and other instructional personnel will be $ 1.56 billion. Additionally, the state of Florida approved an increase to the base funding allocation and capital outlay. A 2% merit increase for all staff was included in the budget. All other expenditures are budgeted in alignment with the enrollment changes and the School's strategic objectives.

Requests for Information

If you have questions about this report or need additional information, please contact Kera Robinson, Controller - School Accounting; Charter Schools USA, 800 Corporate Drive, Suite 700, Fort Lauderdale, Florida 33334.

BASIC
FINANCIAL STATEMENTS

Waterset Charter School
Statement of Net Position
June 30, 2026

	Governmental Activities
Current Assets:	
Cash and cash equivalents	$ 2,074,394
Due from other governments	67,036
Due from related party	170
Other receivables	91,464
Prepaid items	79,503
Deposits	11,338
Total current assets	2,323,905
Noncurrent Assets:	
Capital assets (depreciable and amortizable), net of accumulated depreciation and amortization	15,760,629
Total assets	18,084,534
Current Liabilities:	
Accounts payable and accrued expenses	103,244
Salaries and wages payable	307,825
Due to related parties	19,890
Due to management company	155,898
Accrued interest payable	132,854
Compensated absences	27,239
Note payable	33,408
Lease payables	167,756
Total current liabilities	948,114
Noncurrent Liabilities:	
Compensated absences	9,080
Note payable	34,043
Lease payables	16,563,155
Total noncurrent liabilities	16,606,278
Total liabilities	17,554,392
Net Position:	
Net investment in capital assets	(1,037,733)
Restricted for extracurricular activities	158,588
Unrestricted	1,409,287
Total net position	$ 530,142

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

Waterset Charter School
Statement of Activities
For the Year Ended June 30, 2026

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Governmental Activities: Net Revenue (Expense) and Change in Net Position
Functions/Programs:					
Instruction	$ 4,731,196	$ -	$ 20,984	$ -	$ (4,710,212)
Student support services	376,452	-	-	-	(376,452)
Instructional staff training services	37,634	-	11,231	-	(26,403)
Instruction-related technology	333,907	-	-	-	(333,907)
Board services	28,173	-	-	-	(28,173)
General administration					
District administrative fee	96,852	-	-	-	(96,852)
Management fee	1,911,783	-	-	-	(1,911,783)
Other	4,913	-	-	-	(4,913)
Administrative services	811,577	-	-	-	(811,577)
Fiscal services	10,093	-	-	-	(10,093)
Food services	558,636	197,885	360,622	-	(129)
Central services	106,204	-	-	-	(106,204)
Operation of plant	1,855,684	-	-	-	(1,855,684)
Maintenance of plant	278,949	-	-	-	(278,949)
Administrative technology services	159,669	-	-	-	(159,669)
Community services	193,344	281,343	-	-	87,999
Extracurricular activities	407,295	-	425,916	-	18,621
Interest on long-term debt	1,592,192	-	-	1,044,418	(547,774)
Total governmental activities	$ 13,494,553	$ 479,228	$ 818,753	$ 1,044,418	(11,152,154)
General revenues:					
FEFP and other nonspecific revenues					10,797,947
Interest income					45,593
Miscellaneous income					1,038
Total general revenues					10,844,578
Change in net position					(307,576)
Net position, July 1, 2025					837,718
Net position, June 30, 2026					$ 530,142

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

Waterset Charter School
Balance Sheet - Governmental Funds
June 30, 2026

	General Fund	Grants Fund	Capital Projects Fund	Debt Service Fund	Club and Activities Fund	Total
Assets:						
Cash and cash equivalents	$ 1,975,489	$ -	$ -	$ -	$ 98,905	$ 2,074,394
Other receivables	91,464	-	-	-	-	91,464
Due from other governments	-		67,036	-	-	67,036
Due from related party	170	-	-	-	-	170
Due from other funds	67,036	-	-	-	59,683	126,719
Prepaid items	79,503	-	-	-	-	79,503
Deposits	11,338	-	-	-	-	11,338
Total assets	$ 2,225,000	$ -	$ 67,036	$ -	$ 158,588	$ 2,450,624
Liabilities:						
Accounts payable and accrued expenses	$ 103,244	$ -	$ -	$ -	$ -	$ 103,244
Salaries and wages payable	307,825	-	-	-	-	307,825
Due to related parties	19,890	-	-	-	-	19,890
Due to management company	155,898	-	-	-	-	155,898
Due to other funds	59,683	-	67,036	-	-	126,719
Total liabilities	646,540	-	67,036	-	-	713,576
Fund Balances:						
Nonspendable:						
Prepaid items	79,503	-	-	-	-	79,503
Deposits	11,338	-	-	-	-	11,338
Restricted for extracurricular activities	-	-	-	-	158,588	158,588
Assigned to subsequent year's budget	117,711	-	-	-	-	117,711
Unassigned	1,369,908	-	-	-	-	1,369,908
Total fund balances	1,578,460	-	-	-	158,588	1,737,048
Total liabilities and fund balances	$ 2,225,000	$ -	$ 67,036	$ -	$ 158,588	$ 2,450,624

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

Waterset Charter School
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2026

Total Fund Balances - Governmental Funds		$ 1,737,048
Amounts reported for governmental activities in the statement of net position are different because:		
The cost of capital assets acquired is reported as an expenditure in the governmental fund statements. The statement of net position includes those capital assets, net of accumulated depreciation and amortization, among the assets of the School as a whole.		
Cost of capital assets	$ 20,124,012	
Accumulated depreciation and amortization	(4,363,383)	15,760,629
Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.		
Accrued interest payable	(132,854)	
Compensated absences	(36,319)	
Note payable	(67,451)	
Lease payable	(16,730,911)	(16,967,535)
Net Position of Governmental Activities		$ 530,142

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

Waterset Charter School
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2026

	General Fund	Grants Fund	Capital Projects Fund	Debt Service Fund	Club and Activities Fund	Total
Revenues:						
Federal sources	$ -	$ 389,301	$ -	$ -	$ -	$ 389,301
State sources:						
Florida Education Finance Program	9,727,266	-	-	-	-	9,727,266
State capital outlay	-	-	803,305	-	-	803,305
National School Lunch Program	-	3,536	-	-	-	3,536
Local sources	1,071,719	197,885	241,113	-	425,916	1,936,633
Interest income	42,703	-	-	-	2,890	45,593
Aftercare	281,343	-	-	-	-	281,343
Total revenues	11,123,031	590,722	1,044,418	-	428,806	13,186,977
Expenditures:						
Current:						
Instruction	4,669,200	20,984	-	-	-	4,690,184
Student support services	376,452	-	-	-	-	376,452
Instructional staff training services	26,403	11,231	-	-	-	37,634
Instruction-related technology	245,376	-	-	-	-	245,376
Board	28,173	-	-	-	-	28,173
General administration						
District administrative fee	96,852	-	-	-	-	96,852
Management fee	1,911,783	-	-	-	-	1,911,783
Other	4,913	-	-	-	-	4,913
School administration	811,577	-	-	-	-	811,577
Fiscal services	10,093	-	-	-	-	10,093
Food services	129	558,507	-	-	-	558,636
Central services	106,204	-	-	-	-	106,204
Operation of plant	989,109	-	-	-	-	989,109
Maintenance of plant	278,949	-	-	-	-	278,949
Administrative technology services	68,581	-	-	-	-	68,581
Community services	193,344	-	-	-	-	193,344
Extracurricular activities	-	-	-	-	407,295	407,295
Capital outlay	357,882	-	-	-	-	357,882
Debt service:						
Principal	-	-	-	157,889	-	157,889
Interest	-	-	1,044,418	547,774	-	1,592,192
Total expenditures	10,175,020	590,722	1,044,418	705,663	407,295	12,923,118
Excess (deficiency) of revenues over (under) expenditures	948,011	-	-	(705,663)	21,511	263,859
Other Financing Sources (Uses):						
Issuance of note payable	102,140	-	-	-	-	102,140
Transfer in	-	-	-	705,663	-	705,663
Transfer out	(705,663)	-	-	-	-	(705,663)
Total other financing sources (uses)	(603,523)	-	-	705,663	-	102,140
Net change in fund balances	344,488	-	-	-	21,511	365,999
Fund Balances, July 1, 2025	1,233,972	-	-	-	137,077	1,371,049
Fund Balances, June 30, 2026	$ 1,578,460	$ -	$ -	$ -	$ 158,588	$ 1,737,048

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

Waterset Charter School
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2026

Net Change in Fund Balances - Governmental Funds		$ 365,999
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the costs of those assets are depreciated and amortized over their estimated useful lives as depreciation and amortization.		
Capital outlays	$ 357,882	
Depreciation and amortization	(1,091,037)	(733,155)
Principal payments on long-term debt are reported as an expenditure in the governmental funds, but as a reduction of long-term liabilities in the statement of net position.		157,889
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		(102,140)
Certain items reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.		
Change in compensated absences		3,831
Change in Net Position of Governmental Activities		$ (307,576)

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

Note 1 - Organization and Operations

The Florida Charter Educational Foundation, Inc. ("FCEF") was organized in October 2000 as a Florida nonprofit corporation. Waterset Charter School (the "School") is a Department of FCEF and is established as a charter school to serve students from kindergarten to eighth grade in Hillsborough County. There were 1,198 students enrolled for the 2025/2026 school year.

The financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of FCEF as of June 30, 2026, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring School District of Hillsborough County (the "District"). The current charter is effective until June 2027 and may be renewed by mutual written agreement between the School and the District. The School is currently proceeding through the charter renewal process with the District and it is anticipated that the charter will be renewed for additional school years. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the School District of Hillsborough County.

The School may be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable which would require inclusion in the School's financial statements.

During the course of operations, the School has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in the governmental fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Basis of presentation: The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

Note 2 - Summary of Significant Accounting Policies (continued)

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund financial statements: Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental funds financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental funds financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental funds financial statements.

The School's major governmental funds are as follows:

General Fund - This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

Grants Fund - This special revenue fund is used to account for federal grants and certain state grants that are legally restricted to expenditures for specific program purposes. The fund also accounts for food service operations and related revenues and expenditures that are restricted for food service activities.

Capital Projects Fund - This fund is used to account for state and local capital outlay funding that is legally restricted to expenditures for particular purposes.

Debt Service Fund - This fund is used for the accumulation of resources for, and the payment of, principal and interest on long-term obligations of governmental funds.

Club and Activities Fund - This special revenue fund is used to administer funds raised and earned by the various clubs and activities that are part of the School but restricted for use in the extracurricular activities.

During the course of operations, the School has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in the governmental fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Basis of accounting: Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Note 2 - Summary of Significant Accounting Policies (continued)

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 120 days of the end of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source.

All other revenue items are considered to be measurable and available only when cash is received by the School. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Student funding is provided by the State of Florida through the District. Such funding is recorded as Florida Education Finance Program (''FEFP'') revenue in the government-wide financial statements and state source revenue in the fund financial statements. This funding is received on a prorated basis over a twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

Cash and cash equivalents: The School considers all demand accounts and short-term investments with a maturity of three months or less when purchased to be cash and cash equivalents. The School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federal insured limit, however, the School's deposits are collateralized in accordance with Chapter 280 of the Florida Statutes (Note 3).

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Income taxes: The School is a department of a nonprofit corporation. Revenue of the School is derived primarily from other governmental entities. The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these financial statements.

Capital assets: Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost equal to or greater than $ 750 and useful life of over one year. Donated capital assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Note 2 - Summary of Significant Accounting Policies (continued)

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Furniture, fixtures and equipment	5 years
Computer equipment	3 years
Improvements other than building	10 years

The School has recorded a right-to-use lease asset as required by GAAP. The right-to-use asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use asset is amortized on a straight-line basis over the life of the related lease.

Deferred outflows/inflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods 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 assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Unearned revenue: Unearned revenue arises when the School receives resources before it has a legal claim to them.

Compensated absences: The School's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Payments for compensated absences are generally paid out of the General Fund.

Net position: Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation and amortization reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

- Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

- Unrestricted - the residual portion of net position that does not meet the definition of the other two categories.

Note 2 - Summary of Significant Accounting Policies (continued)

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then, unrestricted resources as they are needed.

Fund balance: The governmental fund financial statements present fund balances based on the provisions of GAAP, which provides clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

- Nonspendable - this classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- Restricted - this classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.

- Committed - this classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision-making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.

- Assigned - this classification includes amounts that the Board of Directors intends to use for a specific purpose, but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.

- Unassigned - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the General Fund.

The details of the fund balances are included in the Governmental Funds Balance Sheet on page 11.

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Summary of Significant Accounting Policies (continued)

Adoption of new accounting standards: The School implemented GASB Statement No. 103, *Financial Reporting Model Improvements*, during the year ended June 30, 2026. The Statement revised certain financial reporting requirements, including the content and presentation of management's discussion and analysis and other financial statement presentation and disclosure requirements.

The School also implemented GASB Statement No. 104, *Disclosure of Certain Capital Assets*, which addresses obligations for governmental entities to separately disclose certain types of capital assets. Implementation did not change the presentation and related disclosures of the School.

The adoption of both standards did not affect any amounts previously reported in the School's financial statements.

Date of Management Review: The School has evaluated subsequent events through September 29, 2026, which is the date the financial statements were available to be issued.

Note 3 - Cash and Cash Equivalents

At June 30, 2026, the carrying amount of the deposits and cash on hand totaled $ 2,074,394, with bank balances of $ 2,087,165.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as "qualified public depositories" as defined by Chapter 280 of the Florida Statutes. This Statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and the reporting requirements of the qualified public depositor to the Treasurer are defined by Statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits of $ 1,837,165 in excess of the federal insured limit of $ 250,000 are held in a qualified public depository and are covered by the collateral pool held in the name of the financial institution's trust department or agent, but not in the School's name.

Note 4 - Interfund Receivables and Payables and Interfund Transfers

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

Due From/To Other Funds		
Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects Fund	$ 67,036
Club and Activities Fund	General Fund	59,683
		$ 126,719

Note 4 - Interfund Receivables and Payables and Interfund Transfers (continued)

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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

	Transfers In
	Debt Service Fund
Transfers Out:	
General Fund	$ 705,663

During the year, transfers were made from General Fund to Debt Service Fund to provide resources from scheduled debt service principal and interest payments.

Note 5 - Due From/To Related Parties

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

Note 6 - Capital Assets

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

	Balance at July 1, 2025	Additions	Deletions	Balance at June 30, 2026
Capital assets being depreciated/ amortized:				
Improvements other than building	$ 175,532	$ -	$ -	$ 175,532
Furniture, fixtures and equipment	1,073,689	31,495	-	1,105,184
Computer equipment	1,443,828	326,387	-	1,770,215
Lease assets:				
Building	16,962,911	-	-	16,962,911
Computer equipment	110,170	-	-	110,170
Total capital assets being depreciated/amortized	19,766,130	357,882	-	20,124,012
Accumulated depreciation/ amortization:				
Improvements other than building	62,855	18,429	-	81,284
Furniture, fixtures and equipment	950,505	44,843	-	995,348
Computer equipment	1,374,117	142,895	-	1,517,012
Lease assets:				
Building	848,146	848,146	-	1,696,292
Computer equipment	36,723	36,724	-	73,447
Total accumulated depreciation/ amortization	3,272,346	1,091,037	-	4,363,383
Net capital assets being depreciated/amortized	$ 16,493,784	$ (733,155)	$ -	$ 15,760,629

Depreciation and amortization was charged to governmental activities as follows:

Instruction	$ 44,843
Instruction-related technology	88,531
Operation of plant	866,575
Administrative technology services	91,088
Total	$ 1,091,037

Note 7 - Lease Payables

Previously, the School entered into a lease with Red Apple Development and Subsidiaries (“RAD”) for the use of its facility. The lease agreement qualifies as other than short-term leases under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments. The discount rate used to recognize the intangible right to use asset and lease liability was 9.5%.

Note 7 - Lease Payables (continued)

The School also has a lease arrangement for certain computer equipment. The lease bears interest at a rate of 2.32% and requires annual payments of $ 37,569 through June 2027.

Future minimum payments required under these leases at June 30, 2026, are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 167,756	$ 1,581,192	$ 1,748,948
2028	179,802	1,565,805	1,745,607
2029	234,120	1,546,399	1,780,519
2030	294,558	1,521,571	1,816,129
2031	361,739	1,490,712	1,852,451
2032-2036	3,104,290	6,728,748	9,833,038
2037-2041	6,281,099	4,575,368	10,856,467
2042-2044	6,107,547	944,684	7,052,231
	$ 16,730,911	$ 19,954,479	$ 36,685,390

Note 8 - Note Payable

During the year, the School entered into a note payable arrangement for the purchase of certain computer equipment. The note requires annual payments of $ 34,690 including interest at 1.90% through August 2028.

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

Year Ending June 30,	Principal	Interest	Total
2027	$ 33,408	$ 1,282	$ 34,690
2028	34,043	647	34,690
	$ 67,451	$ 1,929	$ 69,380

Note 9 - Long-Term Liabilities

Changes in School's long-term liabilities during the fiscal year ended June 30, 2026, are as follows:

	Balance at July 1, 2025	Additions	Deletions		Balance at June 30, 2026	Due Within One Year
Lease - building	$ 16,781,510	$ -	$ 87,316		$ 16,694,194	$ 131,039
Lease - computer equipment	72,601	-	35,884		36,717	36,717
Note payable	-	102,140	34,689		67,451	33,408
Compensated absences	40,150	-	3,831	*	36,319	27,239
	$ 16,894,261	$ 102,140	$ 161,720		$ 16,834,681	$ 228,403

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

Note 10 - Employee Benefit Plan

During the year ended June 30, 2026, the School offered all of its full-time employees who had attained 21 years of age, a retirement plan (the "Plan") under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant's annual elective deferral to the Plan. As determined annually by the School's management, the School may also make a discretionary profit-sharing contribution, which is allocated among the participants based on a pro rata formula. Participants are immediately vested in their own contributions and earnings on those contributions. Participants become vested in School contributions and earnings on School contributions according to the following schedule:

Years of Service	Vesting Percentage
1	25%
2	50%
3	75%
4	100%

Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce any employer contribution. For the Plan year ended December 31, 2025, the School had forfeitures of $ 6,063. For the year ended June 30, 2026, the School contributed a matching amount of $ 26,144.

Note 11 - Commitments and Contingencies

Management agreement: The School has a formal agreement with Charter Schools USA at Apollo Beach, LLC, a wholly-owned subsidiary of Charter Schools USA, Inc. ("CSUSA") to manage, staff, and operate the School. CSUSA is entitled to cost reimbursements and management fees (the "fee") for its services, subject to the availability of funds, in an amount not to exceed 15% of revenues as determined by the Board of Directors in the approved annual budget. CSUSA received a fee of $ 1,911,783 for the year ended June 30, 2026. The term of the agreement coincides with the charter and can be extended if the charter is extended.

Note 11 - Commitments and Contingencies (continued)

The School has an amount due to CSUSA of $ 155,898 at June 30, 2026 for expenses paid on behalf of the School.

Post-employment benefits: The School does not provide post-employment benefits to retired employees.

Note 12 - Federal, State and Local Revenue Sources

The School recorded the following revenues for the year ended June 30, 2026:

Federal:		
Title III	$	717
Title IV		31,498
National School Lunch Program		357,086
State:		
Florida Education Finance Program		9,727,266
State capital outlay		803,305
National School Lunch Program		3,536
Local:		
Local capital outlay		241,113
Childcare revenue		281,343
Interest income		45,593
Referendum allocation		1,070,681
Cafeteria sales		197,885
Extracurricular activities		425,916
Miscellaneous local source revenue		1,038
	$	13,186,977

Note 13 - Capital Appropriations Funding

The Florida Department of Education has approved a Charter School Capital Outlay ("CSCO") award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes those funds are allocated among eligible charter schools. The funds for the School's allocation are transferred to the School once a CSCO plan has been provided to and approved by the sponsoring District. The School's CSCO Award totaled $ 803,305 for the 2025/2026 school year which has been recognized as revenue in the accompanying financial statements. If the CSCO funds are used to acquire tangible property assets, the District has a reversionary interest in those assets. In the event of nonrenewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the District. The School has elected to use these funds to pay a portion of debt service on the lease.

Local Capital Improvement Revenue ("LCIR") funds are also appropriated by the District for charter school capital outlay purposes, with funds being allocated among eligible charter schools in a similar manner to the CSCO award. The School's LCIR totaled $ 241,113 for the 2025/2026 school year, which has been recognized as revenue in the accompanying financial statements.

Note 14 - Florida Education Finance Program (FEFP) Funding

The amount of funding through the FEFP under Section 1011.62 is the product of (1) the School's 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. For the 2025/2026 school year, the School reported 1,200.14 unweighted FTE. Weighted funding represented approximately 2.59% of total state funding.

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).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Sections 1011.62(1)(e), FS, and Rule 6A-6.03411, FAC).

Note 15 - Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There were no claims in excess of insurance coverage limits during the past three years.

As disclosed in Note 11, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers' compensation claims for these individuals. In addition, CSUSA carries all required insurance including, but not limited to, general liability and errors and omissions insurance.

REQUIRED SUPPLEMENTARY INFORMATION

Waterset Charter School
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Original vs. Final Budget Variance	Actual	Actual vs. Final Budget Variance
Revenues:					
State sources					
Florida Education Finance Progı	$ 9,759,934	$ 9,759,934	$ -	$ 9,727,266	$ (32,668)
Local sources	63,493	63,493	-	1,071,719	1,008,226
Interest income	37,784	37,784	-	42,703	4,919
Aftercare	312,380	312,380	-	281,343	(31,037)
Total revenues	10,173,591	10,173,591	-	11,123,031	949,440
Expenditures:					
Current:					
Instruction	4,449,146	4,449,146	-	4,669,200	(220,054)
Student support services	490,905	490,905	-	376,452	114,453
Instruction curriculum development services	1,925	1,925	-	-	1,925
Instructional staff training services	50,788	50,788	-	26,403	24,385
Instruction-related technology	241,441	241,441	-	245,376	(3,935)
Board services	26,517	26,517	-	28,173	(1,656)
General administration					
District administrative fee	101,547	101,547	-	96,852	4,695
Management fee	1,797,154	1,911,783	114,629	1,911,783	-
Other				4,913	(4,913)
School administration	876,975	876,975	-	811,577	65,398
Fiscal services	-	-	-	10,093	(10,093)
Food services	-	-	-	129	(129)
Central services	14,330	14,330	-	106,204	(91,874)
Operation of plant	1,270,604	1,270,604	-	989,109	281,495
Maintenance of plant	398,136	398,136	-	278,949	119,187
Administrative technology services	-	-	-	68,581	(68,581)
Community services	121,049	121,049	-	193,344	(72,295)
Capital outlay	437,074	437,074	-	357,882	79,192
Total expenditures	10,277,591	10,392,220	114,629	10,175,020	217,200
Excess (deficiency) of revenues over (under) expenditures	(104,000)	(218,629)	(114,629)	948,011	1,166,640
Other Financing Sources (Uses):					
Issuance of note payable	104,000	104,000	-	102,140	(1,860)
Transfer out	-	-	-	(705,663)	(705,663)
Total other financing sources (uses)	104,000	104,000	-	(603,523)	(707,523)
Net change in fund balance	$ -	$ (114,629)	$ (114,629)	344,488	$ 459,117
Fund Balances, July 1, 2025				1,233,972	
Fund Balances, June 30, 2026				$ 1,578,460	

See accompanying notes to budgetary comparison schedules.

Waterset Charter School
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Grants Fund
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Original vs. Final Budget Variance	Actual	Actual vs. Final Budget Variance
Revenues:					
Federal sources:					
National School Lunch Program	$ 445,899	$ 445,899	$ -	$ 357,086	$ (88,813)
Title III	3,000	3,000	-	717	(2,283)
Title IV	30,000	30,000	-	31,498	1,498
State sources:					
National School Lunch Program	-	-	-	3,536	3,536
Local sources:					
Cafeteria sales	-	-	-	197,885	197,885
Total revenues	478,899	478,899	-	590,722	111,823
Expenditures:					
Current:					
Instruction	3,000	3,000	-	20,984	(17,984)
Student support services	30,000	30,000	-	-	30,000
Instructional staff training services	-	-		11,231	(11,231)
Food services	412,201	412,201	-	558,507	(146,306)
Operation of plant	33,698	33,698	-	-	33,698
Total expenditures	478,899	478,899	-	590,722	(111,823)
Net change in fund balance	$ -	$ -	$ -	-	$ -
Fund Balances, July 1, 2025				-	
Fund Balances, June 30, 2026				$ -	

See accompanying notes to budgetary comparison schedules.

Note 1 - Budgetary Policy and Basis of Accounting

An operating budget is adopted and maintained by the Governing Board for all governmental funds, except the Capital Projects Fund, the Debt Service Fund and the Club and Activities Fund, pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the basic financial statements.

The level of budgetary control is at the fund level. The School Principal may make unlimited transfers between functional categories throughout the year. Any budget transfers made must be discussed with management and presented to the Governing Board. A potential increase in expenditure over approved budget should be approved by the Governing Board.

Note 2 - Significant Variances between Original Budget and Final Budget

The General Fund budget for the year ended June 30, 2026, was amended to reflect changes to expenditures for $ 114,629 reflecting a board approved increase in the support center cost reimbursements.

There were no variances between original budget and final budget in the Grants Fund.

Note 3 - Significant Variances between Actual Results and Final Budget

In the General Fund, actual revenues were favorable to the final budget for the year ended June 30, 2026, primarily due to higher-than-budgeted referendum revenues recorded in local sources revenue. Actual expenditures were favorable compared to the final budget driven by lower operation of plant and maintenance of plant expenses stemming from lower-than-budgeted HVAC expenses. These favorable variances were partially offset by higher-than-budgeted compensation costs in instruction services and other functions resulting primarily from a shift in personnel needs.

In the Grants Fund, actual revenues were favorable compared to the final budget for the year ended June 30, 2026, primarily due to higher-than-budgeted cafeteria sales revenues received during the year. Actual expenditures were unfavorable compared to the final budget primarily due to higher-than-budgeted food service expenditures.

Note 4 - Excess of Expenditures over Appropriations

In the Grants Fund, expenditures for the year ended June 30, 2026, exceeded appropriations by $ 111,823. These over-expenditures were funded by greater than anticipated revenues.

OTHER INDEPENDENT AUDITOR'S REPORTS

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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
Waterset Charter School
A Department of Florida Charter Educational Foundation, Inc.
Apollo Beach, 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 Waterset Charter School (the "School"), a Department of Florida Charter Educational Foundation, Inc. and a component unit of the School District of Hillsborough County, Florida, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 29, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

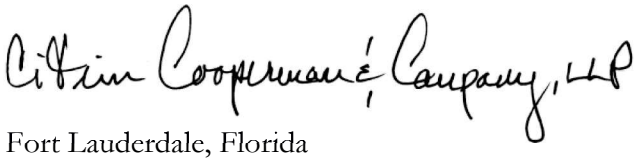
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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Fort Lauderdale, Florida
September 29, 2026

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

To the Board of Directors
Waterset Charter School
A Department of Florida Charter Educational Foundation, Inc.
Apollo Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities and each major fund of Waterset Charter School (the "School"), a Department of Florida Charter Educational Foundation, Inc., as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated September 29, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 29, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5., *Rules of the Auditor General*, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Waterset Charter School and 297805.

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Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), *Rules of the Auditor General*, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial conditions assessment was based in part on representations made by management and the review of financial information provided by the same.

Section 10.854(1)(e)3., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

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

Additional Matters

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

Purpose of this Letter

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

Citrin Cooperman & Company, LLP

Fort Lauderdale, Florida
September 29, 2026

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