SHARPE PATEL CPA

CASA ESPERANZA MONTESSORI, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the Year Ended June 30, 2026

CASA ESPERANZA MONTESSORI, INC.
Table of Contents
June 30, 2026

Exhibit		Page
	Financial Section	
	Independent Auditors' Report	1
	Management's Discussion and Analysis	4
	Basic Financial Statements:	
	Government-wide Financial Statements:	
1	Statement of Net Position	12
2	Statement of Activities	13
	Fund Financial Statements:	
3	Balance Sheet – Governmental Funds	14
4	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
5	Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities	16
6	Statement of Net Position – Proprietary Funds	17
7	Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	18
8	Statement of Cash Flows – Proprietary Funds	19
	Notes to the Financial Statements	20
Schedule		
	Supplementary Information:	
1	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – All Fund Types	37
	Compliance Section:	
	Independent Auditors' 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*	38
	Independent Auditors' Report On Compliance For Each Major State Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act	40
	Schedule of Findings and Questioned Costs	43
	Summary Schedule of Prior Year Audit Findings	45
	Schedule of Expenditures of Federal and State Awards	46

FINANCIAL SECTION

SHARPE PATEL CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Casa Esperanza Montessori, Inc.
Raleigh, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Casa Esperanza Montessori, Inc. as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Casa Esperanza Montessori, Inc.'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, the business-type activities, each major fund, and the aggregate remaining fund information of Casa Esperanza Montessori, Inc., as of June 30, 2026, and the respective changes in financial position, and, where applicable, cash flows thereof 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 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 Casa Esperanza Montessori, 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 Casa Esperanza Montessori, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Casa Esperanza Montessori, Inc.'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 Casa Esperanza Montessori, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Casa Esperanza Montessori, Inc.'s basic financial statements. The accompanying budgetary schedules as well as the accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act., are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2026, on our consideration of Casa Esperanza Montessori, Inc.'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 Casa Esperanza Montessori, Inc.'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 Casa Esperanza Montessori, Inc.'s internal control over financial reporting and compliance.

Raleigh, North Carolina

October 21, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Casa Esperanza Montessori, Inc.
Management's Discussion and Analysis
June 30, 2026

As management of Casa Esperanza Montessori, Inc. ("the School"), we offer readers this management discussion and analysis (MD&A). The MD&A provides a narrative overview and analysis of the financial statements for the fiscal year ended June 30, 2026. We encourage readers to consider the information presented below in conjunction with the financial statements, notes, and supplemental information which follow this narrative.

This analysis is organized into six sections: (1) Financial Highlights; (2) Overview of the Financial Statements; (3) Detailed Analysis of Governmental & Business-Type Activities; (4) Detailed Analysis of Government Funds & Proprietary Funds; (5) Significant Capital Asset and Long-term Liability Activity; and (6) Currently Known Facts, Decisions, or Conditions.

Financial Highlights

- The School's net position stood at $384,093 as of June 30, 2026 with assets of $21,138,944 exceeding liabilities of $20,754,851(see Exhibit 1 of the financial statements and Figure 1, below).

- The School's revenues of $9,784,791 exceeded expenses of $9,675,230 creating an increase in net position of $109,561 (Exhibit 2 of the financial statements and Figure 2, below).

- The School's governmental funds reported an ending fund balance of $7,684,258, a decrease of $64,470 from the prior year.

- The School's long-term debt decreased by $803,272 from $21,387,196 as of June 30, 2025 to $20,583,924 as of June 30, 2026 – the net effect of principal payments of $290,000 and the reduction of a lease liability on its previous facility by $513,272.

- Enrollment at the School remained strong with 708 charter school students enrolled as of the September 2025 count date for FY 25 State funding.

Overview of the Financial Statements

The basic financial statements consist of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. A budget versus actual comparison is presented as required supplementary information following the notes to enhance the reader's understanding of the financial condition of the School.

Government-wide Financial Statements (Exhibits 1 and 2)
The government-wide financial statements are designed to provide the reader with a broad overview of the School's finances, in a manner similar to private-sector business. The government-wide financial statements include the School's governmental activities and business-type activities.

The *statement of net position* presents financial information on all the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 most recent fiscal 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 for some items that will only result in cash flows in future fiscal years (e.g. earned but unpaid wages).

The government-wide financial statements distinguish functions of the School that are principally supported by intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include most of the School's basic functions such as instructional services and business services. State, county, and federal funds provide virtually all of the funding for school functions. The School's business-type activities are limited to its pre-school program for which the School charges fees to participants to offset costs.

Fund Financial Statements (Exhibits 3 – 8). 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 state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the School's funds can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources available at the end of the fiscal year. Such information may be useful in assessing an entity'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 government's near-term financing decisions. Both the Governmental Fund Balance Sheet (Exhibit 3) and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit 4) provide reconciliations to facilitate this comparison between *governmental funds* and *governmental activities* (see Exhibits 3 and 5).

The School maintains two major governmental funds -- the General Fund and the State Public School Fund – as well as the non-major Federal Grants Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the funds.

Proprietary Funds – The School has no major proprietary funds and one non-major proprietary fund, the Preschool Fund, which is an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The School uses the enterprise fund to account for its preschool activities.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the financial statements. The School uses notes to present information in greater detail than is possible within the financial statements themselves, to explain the nature of amounts reported in the financial statements and how those amounts were determined, and report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

Other Information. The real estate and debt service activity of the School is conducted through a separate legal entity, Casa Holding, LLC. However, the activity of the LLC is blended with the activities of the School for the purposes of this report.

In addition to the basic financial statements and accompanying notes, this report includes certain *required supplementary information* – a budgetary schedule (Statement 2).

Detailed Analysis of Governmental & Business-Type Activities

Net Position

As noted earlier, net position may serve over time as a useful indicator of a school's financial position. The School's assets exceeded its liabilities by $384,093 at June 30, 2026 (see *Exhibit 1 of the audit report and Figure 1, below*).

Figure 1 - Net Position

	Governmental Activities		Business-type Activities		Total	
	2026	2025	2026	2025	2026	2025
Assets						
Current Assets	$ 7,773,115	$ 7,781,644	$ -	$ -	$ 7,773,115	$ 7,781,644
Right-of-Use Asset	37,283	484,662			37,283	484,662
Capital Assets, net	13,328,546	13,510,408			13,328,546	13,510,408
Total assets	21,138,944	21,776,714	-	-	21,138,944	21,776,714
Liabilities						
Current Liabilities	170,927	114,986	-	-	170,927	114,986
Long-term Liabilities	20,583,924	21,387,196	-	-	20,583,924	21,387,196
Total Liabilities	20,754,851	21,502,182	-	-	20,754,851	21,502,182
Net Position						
Net Invest. in Cap. Assets	(7,218,095)	(7,319,592)			(7,218,095)	(7,319,592)
Restricted	3,566,243	3,475,433			3,566,243	3,475,433
Unrestricted	4,035,945	4,118,691	-	-	4,035,945	4,118,691
Total Net Position	$ 384,093	$ 274,532	$ -	$ -	$ 384,093	$ 274,532

Total net position is comprised of the School's investment in capital assets, net of accumulated depreciation and related debt of -$7,218,095, restricted net position of $3,566,243 and unrestricted net position of $4,035,945.

The School's investment in capital assets provides educational opportunities for its students. Accordingly, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position consists of cash set-aside by external restriction for debt service purposes.

Governmental activities. Current assets were virtually unchanged from FY25 ($8,529 or 0%). Two items decreased the School's asset balance: the successful conclusion of the School's lease of its former facility in July 2026 decreased the right-of-use asset by $447,379 (-92%) by June 30, 2026; and the capital assets balance declined by $181,862 (3%) due to depreciation expense of $358,037 exceeding capital additions of $176,175.

The School's liabilities declined by $747,331 – the net effect of principal payments of $290,000 and the reduction of the lease liability of its former facility by $513,272 offset slightly by a small increase in current liabilities of $55,941 due to the timing of operational accounts payable payments.

Business-type activities. Business-type activities were confined to the activities of the preschool which generated a positive change in net position of $220,113. This amount was transferred to become part of the governmental activities net position and therefore there are no assets, liabilities or net position in the Business-type Activities section of Exhibit 1 or Figure 1.

Changes in Net Position

The School's overall net position increased by $109,561 as shown in *Exhibit 2, Statement of Activities* of the audit report and as summarized in *Figure 2,* below.

Governmental activities increased the School's net position by $109,561. This increase was achieved despite that fact that State and local government revenue was essentially frozen between FY25 and FY26. Revenues remained just shy of $10,000,000 with 85% of that amount provided by State, local and federal government funds. Management worked hard to control costs and at the same time provide cost-of-living increases to staff. As a result, The School's total costs increased by around 8% and the increase in net position of $109,561 was achieved, albeit not at the same level as the previous year ($634,388 before transfers).

Business-type activities. Business-type activities increased net position by $220,113 – slightly less than the prior year increase of $434,474 due to facility space constraints on the preschool program.

Figure 2 – Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2026	2025	2026	2025	2026	2025
Charges for Services	$ 60,562	$ 800,929	$ 318,942	$ 549,598	$ 379,504	$ 1,350,527
Operating Grants & Contributions	266,112	279,279			266,112	279,279
County & State Funds	8,288,032	8,247,647			8,288,032	8,247,647
Donations and Other Revenues	851,143	210,135			851,143	210,135
Total Revenue	9,465,849	9,537,990	318,942	549,598	9,784,791	10,087,588
Instructional Programs	7,986,554	6,863,192			7,986,554	6,863,192
Support Services	605,003	1,041,386			605,003	1,041,386
Interest on Long-term Debt	984,844	999,024			984,844	999,024
Preschool & After Care			98,829	115,124	98,829	115,124
Total Expenses	9,576,401	8,903,602	98,829	115,124	9,675,230	9,018,726
Transfers	220,113	1,766,933	(220,113)	(1,766,933)	-	-
Change in Net Position	$ 109,561	$ 2,401,321	$ -	$ (1,332,459)	$ 109,561	$ 1,068,862
Beginning Net Position	$ 274,532	$ (2,126,789)	$ -	$ 1,332,459	274,532	(794,330)
Ending Net Position	$ 384,093	$ 274,532	$ -	$ -	$ 384,093	$ 274,532

Detailed Analysis of Governmental & Proprietary Funds

Governmental Funds

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. It reports two major funds individually in the governmental fund financial statements – the School's General Fund and State Public School Fund. These are the chief operating funds of the School. As of June 30, 2026, the available fund balance was $4,028,015, with a further $90,000 set aside as a security deposit, and $3,566,243 restricted for future debt service purposes.

The Governmental Funds decreased by $284,583. The decrease was the result of State and local government per pupil funding remaining flat from FY25 to FY26 (+$40,385, 0%) while payroll and associated costs rose by approximately 8%.

Detailed Analysis of Proprietary Funds

As noted earlier, the Preschool Fund is the School's only proprietary fund. It saw a decline in revenue from FY25 to FY26 of $230,656 due to an intentional reduction in enrollment of the Preschool program to allow educational classroom space for K-8 students. Nevertheless, the fund was still able to contribute net income of $220,113 to the Governmental Fund at year-end.

Significant Capital Asset and Long-term Liability Activity

Capital assets. The School's net investment in capital assets for its governmental and business–type activities as of June 30, 2026 totaled $13,328,546 – a decrease of $181,862 (3%) due to depreciation expense of $358,037 exceeding capital additions of $176,175.

Figure 3 - Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2026	2025	2026	2025	2026	2025
Land	$ 1,517,998	$ 1,517,998	$ -		$ 1,517,998	$ 1,517,998
Building	11,570,859	11,896,576	-	-	11,570,859	11,896,576
Instructional Equipment	191,694	67,330	-		191,694	67,330
Leasehold Improvements	47,995	28,504	-	-	47,995	28,504
Total	$ 13,328,546	$ 13,510,408	$ -	$ -	$ 13,328,546	$ 13,510,408

Additional information on the School's capital assets can be found in note II.A.3. of the Basic Financial Statements.

Long-term financing. As of June 30, 2026, the School had total debt outstanding of $20,583,924 as shown in Figure 4, below. Debt outstanding decreased by 803,272 from the previous year due to principal payments of $290,000 offset by the decrease in the lease liability of $513,272.

Figure 4 – Changes in Long-term Financing Liabilities

Long-Term Obligations	Balance 6/30/25	Increases	Decreases	Balance 6/30/26	*Current Portion*
Bonds Payable	$ 20,830,000	$ -	$ 290,000	$ 20,540,000	*$ 305,000*
Lease Liability	557,196	-	513,272	$ 43,924	*43,924*
Total	**$ 21,387,196**	**$ -**	**$ 803,272**	**$ 20,583,924**	***$ 348,924***

Currently Known Facts, Decisions, or Conditions

Management considered the following items that it believes may impact future finances and were considered in developing the 2027 fiscal year budget.

The school evaluated current enrollment and previous year trends to forecast future enrollment. With facility constraints a concern the School Board made the decision to reduce enrollment for the 2026-27 school year, which will lead to a reduction in funding. In addition, the unique educational model of Montessori with Immersion or Enrichment classrooms creates a funnel of students that is also placing a burden on the facility and the opportunity for growth with enrollment. A new education model is being piloted for the 2026-27 school year in which all entering Kindergarten students participate in a dual language program taught in both English and Spanish language. This model is intended to grow with the school, adding a year of students with each proceeding year, if the pilot is approved to be extended.

Requests for Information

This report is designed to provide an overview of the School's finances for all those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Board Chair, Casa Esperanza Montessori, Inc., 10510 Star Road, Wake Forest, NC 27587, telephone (919) 855-9811.

BASIC FINANCIAL STATEMENTS

CASA ESPERANZA MONTESSORI, INC. **Exhibit 1**
Statement of Net Position
June 30, 2026

	Primary Government		
	Governmental Activities	**Business-type Activities**	**Total**
ASSETS			
Current assets:			
Cash and cash equivalents	$ 4,027,475	$ -	$ 4,027,475
Restricted cash and cash equivalents	3,566,243	-	3,566,243
Due from other governments	89,397	-	89,397
Security deposit	90,000	-	90,000
Total current assets	7,773,115	-	7,773,115
Non-current assets:			
Right of use assets, net	37,283	-	37,283
Capital assets (Note 1):			
Land	1,517,997	-	1,517,997
Other capital assets, net of depreciation	11,810,549	-	11,810,549
Total capital assets	13,328,546	-	13,328,546
Total non-current assets	13,365,829	-	13,365,829
Total assets	21,138,944	-	21,138,944
LIABILITIES			
Accounts payable	88,857	-	88,857
Accrued interest	82,070	-	82,070
Long-term liabilities:			
Due within one year	348,924	-	348,924
Due in more than one year	20,235,000	-	20,235,000
Total liabilities	20,754,851	-	20,754,851
NET POSITION			
Net investment in capital assets	(7,218,095)	-	(7,218,095)
Restricted	3,566,243	-	3,566,243
Unrestricted	4,035,945	-	4,035,945
Total net position	$ 384,093	$ -	$ 384,093

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

CASA ESPERANZA MONTESSORI, INC. **Exhibit 2**
Statement of Activities
For the Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary government:						
Governmental activities:						
Instructional services	$ 7,986,554	$ 60,562	$ 264,972	$ (7,661,020)	$ -	$ (7,661,020)
Support services	605,003	-	1,140	(603,863)	-	(603,863)
Interest on long-term debt	984,844	-	-	(984,844)	-	(984,844)
Total governmental activities	9,576,401	60,562	266,112	(9,249,727)	-	(9,249,727)
Business-type activities:						
Preschool	98,829	318,942	-	-	220,113	220,113
Total business-type activities	98,829	318,942	-	-	220,113	220,113
Total primary government	$ 9,675,230	$ 379,504	$ 266,112	(9,249,727)	220,113	(9,029,614)
General revenues:						
Unrestricted county appropriations				2,758,795	-	2,758,795
Unrestricted State appropriations				5,529,237	-	5,529,237
Contributions and donations				618,381	-	618,381
Interest earnings				155,392	-	155,392
Miscellaneous				77,370	-	77,370
Transfers				220,113	(220,113)	-
Total general revenues and transfers				9,359,288	(220,113)	9,139,175
Change in net position				109,561	-	109,561
Beginning net position				274,532	-	274,532
Ending net position				$ 384,093	$ -	$ 384,093

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

CASA ESPERANZA MONTESSORI, INC. **Exhibit 3**
Balance Sheet
Governmental Funds
June 30, 2026

	Major Funds		Non-Major Fund	
	General	State Public School	Federal Grants Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 4,027,475	$ -	$ -	$ 4,027,475
Restricted cash and cash equivalents	3,566,243	-	-	3,566,243
Due from other governments	89,397	-	-	89,397
Security deposit	90,000	-	-	90,000
Total assets	$ 7,773,115	$ -	$ -	$ 7,773,115
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 88,857	$ -	$ -	$ 88,857
Total liabilities	88,857	-	-	88,857
Fund balances:				
Nonspendable:				
Security deposit	90,000	-	-	90,000
Restricted:				
Bonds	3,566,243	-	-	3,566,243
Unassigned	4,028,015	-	-	4,028,015
Total fund balances	7,684,258	-	-	7,684,258
Total liabilities and fund balances	$ 7,773,115	$ -	$ -	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different	
Capital assets used in governmental activities are not financial resources and therefore are not	13,328,546
Right to use lease assets used in governmental activities are not financial resources and therefore	37,283
Some liabilities are not due and payable in the current period and therefore are not reported in the	
Accrued interest	(82,070)
Long-term debt	(20,583,924)
Net position of governmental activities	$ 384,093

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

CASA ESPERANZA MONTESSORI, INC. **Exhibit 4**
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2026

	Major Funds		Non-Major Fund	
	General	State Public School	Federal Grants Fund	Total Governmental Funds
REVENUES				
State of North Carolina	$ -	$ 5,529,237	$ -	$ 5,529,237
Boards of Education	2,758,795	-	-	2,758,795
U.S. Government	-	-	266,112	266,112
Contributions and donations	618,381	-	-	618,381
Field trip and student fees	60,562	-	-	60,562
Lease revenue	-	-	-	-
Investment earnings	155,392	-	-	155,392
Miscellaneous	77,370	-	-	77,370
Total revenues	3,670,500	5,529,237	266,112	9,465,849
EXPENDITURES				
Instructional services	3,210,917	3,007,361	264,972	6,483,250
Support services	567,991	1,247,141	1,140	1,816,272
Capital outlay	176,175	-	-	176,175
Debt service:				
Principal	-	290,000	-	290,000
Interest	-	984,735	-	984,735
Total expenditures	3,955,083	5,529,237	266,112	9,750,432
Excess (deficiency) of revenues over expenditures	(284,583)	-	-	(284,583)
				-
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	220,113	-	-	220,113
Total other financing sources (uses)	220,113	-	-	220,113
Net change in fund balance	(64,470)	-	-	(64,470)
Fund balance, beginning	7,748,728	-	-	7,748,728
Ending fund balance	$ 7,684,258	$ -	$ -	$ 7,684,258

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

CASA ESPERANZA MONTESSORI, INC. **Exhibit 5**

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

For the Year Ended June 30, 2026

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

Net changes in fund balance - total governmental funds	$ (64,470)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(181,862)
Governmental funds report capital outlays for new capital leases as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as amortization expense. This is the amount by which capital outlays exceeded amortization in the current period.	(447,379)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	803,272
Total changes in net position of governmental activities	$ 109,561

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

CASA ESPERANZA MONTESSORI, INC. **Exhibit 6**
Statement of Net Position
Proprietary Fund
June 30, 2026

	Enterprise Fund Non--Major Fund Preschool
ASSETS	
Current assets:	
Cash and cash equivalents	$ -
Total assets	$ -
LIABILITIES	
Current liabilities:	
Accounts payable	$ -
Total liabilities	-
NET POSITION	
Unrestricted	-
Total net position	$ -

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

CASA ESPERANZA MONTESSORI, INC. **Exhibit 7**
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2026

	Enterprise Fund Non-Major Fund Preschool
OPERATING REVENUES	
Child care fees	$ 318,942
Total operating revenues	318,942
OPERATING EXPENSES	
Salaries and benefits	98,714
Other expenses	115
Total operating expenses	98,829
Operating income (loss)	220,113
NONOPERATING REVENUES	
Transfers to other funds	(220,113)
Total nonoperating revenues	(220,113)
Change in net position	-
Net position, beginning	-
Net position, ending	$ -

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

CASA ESPERANZA MONTESSORI, INC. **Exhibit 8**
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2026

	Enterprise Fund Non-Major Fund Preschool
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 318,942
Cash paid to employees for services	(98,714)
Cash paid for goods and services	(115)
Net cash provided (used) by operating activities	220,113
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to/from other funds	(220,113)
Net cash provided (used) by noncapital financing activities	(220,113)
Net increase (decrease) in cash and cash equivalents	-
Balances - beginning of year	-
Balances - end of year	$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ 220,113
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Increase (decrease) in due to / due from other funds	-
Net cash provided (used) by operating activities	$ 220,113

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

NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Casa Esperanza Montessori, Inc. (the "School") conform to generally accepted accounting principles ("GAAP") as applicable to governments. Charter schools are established by non-profit entities, such as the School. Because of the authority of the State Board of Education (the "SBE") to terminate, not renew or seek applicants to assume a charter on grounds set out in the North Carolina General Statutes at G.S. 115C-218.95 with all net assets purchased with public funds reverting to a local education agency (G.S. 115C-218.100), the charter schools in North Carolina follow the governmental reporting model as used by local education agencies.

A) Reporting Entity

The School is a North Carolina non-profit corporation incorporated in February 2001. Pursuant to the provisions of the Charter School Act of 1996 as amended (the "Act"), Casa Esperanza Montessori, Inc. has been approved to operate Casa Esperanza Montessori School, a public school serving approximately 708 students. The School operates under an approved charter received from the SBE and applied for under the provisions of G.S. 115C-218.1. G.S. 115C-218.6(b)(1) states that a charter school shall be subject to the audit requirements adopted by the SBE, which includes the audit requirements established by G.S. 115C-447 of the School Budget and Fiscal Control Act (SBFCA), and requires the financial statements to be prepared in accordance with GAAP. The current charter is effective until June 30, 2027, and may be renewed for subsequent periods of ten (10) years unless one of the conditions in G.S. 115C-218.6(b) applies in which case the SBE may renew the charter for a shorter period or not renew the charter. Management believes that the charter will be renewed in the ordinary course of business.

The School has been recognized by the Internal Revenue Service as exempt from Federal income taxation under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

Blended Component Unit: Casa Esperanza Holding, LLC ("LLC") was formed in October 2020 as a North Carolina non-profit corporation. The LLC was created primarily as a vehicle to finance and own real estate and school facilities utilized by the School. GASB Statement No. 14 as amended, The Financial Reporting Entity, requires blending when 1) a component unit's governing body is substantively the same as the governing body of the primary government, 2) a component unit provides services entirely, or almost entirely, to the primary government, 3) a component unit's total debt outstanding, including leases, is expected to be repaid entirely, or almost entirely, with resources of the component unit. The LLC provides services almost entirely to the School, including owning real property to be leased to the School. Therefore, the LLC is reported as a blended component unit included in the general fund in the School's financial statements. The LLC did not issue separate financial statements.

B) Basis of Presentation

In accordance with GASB Statement No. 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments ("GASB 34"), the School is a special-purpose government that is engaged in governmental activities and is not a component unit of another government. Therefore, the financial statements are prepared in the same manner as general purpose governments.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) Basis of Presentation (Continued)

***Government-wide Statements*:** The statement of net position and the statement of activities display information about the School. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the School. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the School and for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) 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.

***Fund Financial Statements*:** The fund financial statements provide information about the School's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principle activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The School reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the School. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

State Public School Fund: The State Public School Fund includes appropriations from the Department of Public Instruction for current operating needs of the School and is reported as a special revenue fund.

The School reports the following non-major governmental funds:

Federal Grants Fund: The Federal Grants Fund includes appropriations from various Federal agencies that are pass thru from the Department of Public Instruction for current operating needs of the School and is reported as a special revenue fund.

The School reports the following non-major enterprise fund:

Preschool Fund: The Preschool Fund is used to account for the activity of the pre-kindergarten program, the before and after school care program, and the inter-sessional care program.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the School gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the School funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the School's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

D) Budgetary Data

Annual budgets are adopted for all funds, on a School wide basis. All budgets are prepared using the modified accrual basis of accounting.

The governing board has voluntarily established the policy, as a sound business practice, that expenditures may not exceed appropriations, for all of the School's funds, based on the adopted budget and subsequent amendments. During the year, several amendments to the original budget were necessary. The budget presented in the supplementary information represents the budget of the School at June 30, 2026. All appropriations lapse at year end.

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity

1. Deposits and Investments

All deposits of the School are made in local banks, whose accounts are FDIC insured. Also, the School may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)

2. Cash and Cash Equivalents

The School pools money from several funds to facilitate disbursement and investment and to maximize investment income. All cash and investments with original maturities of three months or less are considered cash and cash equivalents. The School had cash equivalents of $3,566,243 at June 30, 2026.

3. Restricted Cash and Cash Equivalents

The unexpended loan proceeds of the School's bond agreement and amounts restricted for repairs and replacements and other amounts are classified as restricted cash and cash equivalents within the School's capital projects fund because its use is completely restricted to the purpose for which the bonds were originally issued.

4. Accounts Receivable

Accounts receivable consist of amounts owed to the School from local school boards and employees. The School has reviewed the receivable balances and determined the amounts to be fully collectible.

5. Prepaid Items

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

6. Security Deposit

Payments made by the School in accordance with its facility lease agreement reflect amounts applicable to a future accounting period and are recorded as security deposits.

7. Capital Assets

The School's donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the School to capitalize all capital assets costing more than $5,000 with an estimated useful life of three or more years. In addition, other items which are purchased and used in large quantities such as student desks and office furniture are capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. All depreciable assets are depreciated using the straight-line method of depreciation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)

7. Capital Assets (Continued)

Capital assets are depreciated over the following estimated useful lives:

	Years
Leasehold improvements	5-15
Instructional equipment	5-7
Building	39

8. Right to use lease assets

The School has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The School has no items that meet this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The School has no items that meet this criterion.

10. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Compensated Absences

The School does not pay out any employee's unused personal time upon termination of employment and as such no liability has been recorded for compensated absences as of year-end.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)

12. Net Position/Fund Balances

Net Position

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

Fund Balance

In the governmental fund financial statements, fund balance is composed of three classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balance as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Prepaid Items – Portion of fund balance that is not an available resource because it represents the year-end balance of prepaid operational expenses on goods and services which is not a spendable resource.

Security Deposit – Portion of fund balance not available for appropriation because it represents the year-end balance of a security deposit on the school facility, which is not an expendable, available resource.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Bonds – Portion of fund balance that is restricted by the requirements of the School's bond agreement.

Unassigned Fund Balance – the portion of fund balance that has not been assigned to another fund or restricted, committed, or assigned to specific purposes within the General Fund.

The School has a revenue spending policy that provides guidance for programs with multiple revenue sources. The School will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, board of education funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The finance officer has the authority to deviate from this policy if it is in the best interest of the School.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)

13. Reconciliation of Government-wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between governmental funds' total fund balance and governmental activities' net position as reported in the government-wide statement of net position. The net adjustment of ($7,300,165) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column).	$ 15,131,226
Less accumulated depreciation	(1,802,680)
Net capital assets	13,328,546
Right to use lease assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,274,178
Less accumulated amortization	(2,236,895)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds payable	(20,540,000)
Lease liability	(43,924)
Accrued interest	(82,070)
Total adjustment	$ (7,300,165)

F) Revenues, Expenditures, and Expenses

1. Funding

The School is funded by the SBE, receiving (i) an amount equal to the average per pupil allocation for the average daily membership (ADM) from the local school administrative unit allotments in which the School is located (i.e. Wake County Board of Education) for each child attending the School except for the allocation for children with special needs and (ii) an additional amount for each child attending the School who is a child with special needs [G.S. 115C-238.29H(a)].

Subject to certain limitations, funds allocated by the SBE may be used to enter into operational and financing leases for real property or mobile classroom units for use as school facilities for charter schools and may be used for payments on loans made to charter schools for facilities, equipment, or operations. (G.S. 115C-218.105(b)).

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F) Revenues, Expenditures, and Expenses (Continued)

1. Funding (Continued)

Additionally, the School receives for each student an amount equal to the per pupil share of the local current expense fund of the local school administrative unit in which the child resides. [G.S. 115C-218.105(c)]. Amounts transferred that consist of revenue from supplemental taxes shall be transferred only to a charter school located in the district where the taxes are levied and the child resides.

For the fiscal year ended June 30, 2026, the School received funding from the Boards of Education for Wake ($2,392,084), Durham ($69,634), Johnston ($23,289), Franklin ($217,799), Granville ($42,337), Harnett ($2,123), Chatham ($5,192) Nash ($3,229), and Vance ($3,108) School Systems.

Furthermore, the School has received donations of cash and/or equipment from private organizations. The cash is available to be used throughout the year for the School's various programs and activities.

2. Reconciliation of Government-wide and Fund Financial Statements

The governmental fund statement of revenues, expenditures, and changes in fund balance is followed by a reconciliation between the change in governmental funds' fund balance and the change in governmental activities' net position as reported on the government-wide statement of activities. The net difference of ($174,031) between the two amounts consists of the following elements:

Description		Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets on the statement of activities.	$	176,175
Depreciation expense that is recorded on the statement of activities but not in the fund statements.		(358,037)
Amortization expense for right to use lease asset		(447,379)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		803,272
Total	$	174,031

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G) Use of Estimates and Assumption

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures.

II. DETAIL NOTES ON ALL FUNDS

A) Assets

1. Deposits

At June 30, 2026, the School had deposits with banks and savings and loans with a carrying amount of $7,593,718. The bank balance with the financial institution was $7,594,182, of which $6,844,182 was not covered by federal depository insurance. The School does not have a deposit policy for custodial credit risk.

2. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist of unexpended bond proceeds and are held in money market funds. The amounts are classified as restricted cash and cash equivalents because its use is completely restricted to the purpose for the specific purposes as outlined in the bond agreement.

3. Capital Assets

Capital asset activity for the year ended June 30, 2026, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 1,517,997	$ -	$ -	$ 1,517,997
Total assets not being depreciated	1,517,997	-	-	1,517,997
Capital assets being depreciated:				
Building	12,702,959	-	-	12,702,959
Instructional equipment	290,373	150,136	-	440,509
Building improvements	443,722	26,039	-	469,761
Total assets being depreciated	13,437,054	176,175	-	13,613,229
Less accumulated depreciation for:				
Building	806,383	325,717	-	1,132,100
Instructional equipment	223,043	25,772	-	248,815
Building improvements	415,217	6,548	-	421,765
Total accumulated depreciation	1,444,643	358,037	-	1,802,680
Governmental activity capital assets, net	$ 13,510,408			$ 13,328,546

II. DETAIL NOTES ON ALL FUNDS (Continued)

A) Assets (Continued)

3. Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

Instructional	268,528
Supporting services	89,509
	$ 358,037

4. Right to Use Lease Asset

The School has recorded one right to use leased asset. The asset is a right to use asset for a leased facility. The related lease liability is discussed in the eases subsection of the Liabilities section of the notes to the financial statements. The right to use asset is amortized on a straight-line basis over the term of the related lease.

Right to use asset activity for the School for the year ended June 30, 2026 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Right of use asset:				
Leased facility	2,274,178	$ -	$ -	$ 2,274,178
Less accumulated amortization for:				
Leased facility	1,789,516	447,379	-	2,236,895
Right of use asset, net	$ 484,662			$ 37,283

B) Liabilities

1. Retirement Plan

The School does not participate in the North Carolina Teachers' and State Employees' Retirement System.

The School offers a 457(b) retirement plan to its employees. Under the plan, the School contributes an amount equal to the employees' contributions up to a limit of 3% of the employees' compensation for the calendar year. The employee may make voluntary contributions, pursuant to a salary reduction agreement of a percentage of annual compensation not to exceed the limits set by the Internal Revenue Code.

During the year ended June 30, 2026, the School contributed a total of $218,638 under the 457(b) retirement plan.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

2. Risk Management

The School is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School maintains general liability and errors and omissions insurance coverage of $1 million per occurrence with a commercial carrier.

As authorized by G.S. 11C-218.70(a)(4), the School also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan (the "Medical Plan"), a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the plan, permanent full-time employees of the School are eligible to receive health care benefits. The School pays the full cost of the insurance premium, minus the state assigned employee contribution, for employees enrolled in the medical plan.

The School carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year and claims have not exceeded coverage in any of the past two fiscal years.

The School has elected not to carry flood insurance because the School is not in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency.

The School carries fidelity bond coverage of $250,000 for all its employees. The company that performs all the School's outsourced accounting carries fidelity bond coverage in the amount of $500,000.

3. Long-Term Obligations

a) Bonds payable

In December 2021, the School entered into a loan agreement associated with the issuance of revenue bonds in the aggregate of $21,610,000. Proceeds of the bonds were used to fund the School's withdrawal from its employee benefit plans, fund working capital for the School's existing lease, repay the bridge loan used to originally finance the purchase of real estate, and to fund the construction of a new building to be used as the main operating facility of the School. Additional proceeds were used to fund reserve funds as required by the agreement. Interest during the term ranges from 4.375%-5.625%. An interest only payment was required in June 2022. Principal payments begin in June 2023 and continue through maturity in June 2056. The real estate has been pledged as collateral for the debt. In the event of a default as defined in the loan agreement, the lender may declare any remaining principal and interest payments due to be immediately payable by the School. The balance outstanding totaled $20,540,000.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

3. Long-Term Obligations (Continued)

a) Bonds payable (Continued)

Future minimum payments are as follows:

	Principal	Interest	Total
Year Ending June 30, 2027	$ 305,000	$ 968,531	$ 1,273,531
Year Ending June 30, 2028	320,000	951,375	1,271,375
Year Ending June 30, 2029	340,000	933,375	1,273,375
Year Ending June 30, 2030	360,000	914,250	1,274,250
Year Ending June 30, 2031	380,000	894,000	1,274,000
Years Ending June 30, 2032-2036	2,240,000	4,124,907	6,364,907
Years Ending June 30, 2037-2041	2,910,000	3,459,969	6,369,969
Years Ending June 30, 2042-2046	3,610,000	2,754,470	6,364,470
Years Ending June 30, 2047-2051	4,485,000	1,881,225	6,366,225
Years Ending June 30, 2052-2056	5,590,000	776,925	6,366,925
	$ 20,540,000	$ 17,659,027	$ 38,199,027

Under the terms of the bond agreement, the School is obligated under certain debt covenants to maintain debt service coverage ratio at or above 1.10 for the year ended June 30, 2022 and for each subsequent year. The calculation of this covenant for the year ended June 30, 2026 is as follows:

Change in net position for the year ended June 30, 2026	$ 109,561
Add: interest expense	984,844
Add: depreciation expense and amortization expense	805,416
Net income available for debt service	1,899,821
Actual annual debt service:	
Bonds payable	1,274,735
Total actual annual debt service	1,274,735
Debt service coverage ratio	1.49

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

3. Long-Term Obligations (Continued)

a) Bonds payable (Continued)

Under the terms of the bond agreement, the School is also obligated to maintain days cash on hand calculation of at least 45 days as of June 30, 2022 and each subsequent year. The calculation of this covenant for the year ended June 30, 2026 is as follows:

Unrestricted cash and cash equivalents	$ 4,027,475
Total operating expenses	9,675,230
Less: depreciation expense and amortizaiton expense	(805,416)
Total operating expenses	8,869,814
Divided by	365
Daily Expenses	24,301
Days Cash on Hand	166

b) Lease

The School entered into an agreement to lease a 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 as of July 1, 2021.

The School entered into a lease agreement for a building in August 2006. In April 2014, the School amended its lease agreement to extend the maturity date. Monthly lease payments range from $16,358 to $44,088 through maturity in July 2026.

The net present value of the future minimum lease obligations are as follows:

	Principal	Interest	Total
Year Ending June 30, 2027	$ 43,924	$ 165	$ 44,089
	$ 43,924	$ 165	$ 44,089

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

3. Long-Term Obligations (Continued)

c) Changes in General Long-Term Obligation

The following is a summary of changes in the School's long-term obligations for the fiscal year ended June 30, 2026:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental activities:					
Bonds Payable	$ 20,830,000	$ -	$ 290,000	$ 20,540,000	$ 305,000
Lease liability	557,196	-	513,272	43,924	43,924
	$ 21,387,196	$ -	$ 803,272	$ 20,583,924	$ 348,924

C) Interfund Balances and Activity

Transfers to/from other funds at June 30, 2026 consist of the following:

The Board approved the transfer of net assets totaling $220,113 from the Preschool Fund to the General Fund.

D) Fund Balance

The School has a revenue spending policy that provides guidance for programs with multiple revenue sources. The School will use resources in the following hierarchy: bond proceeds, federal funds, State funds, and local funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Board of Directors has the authority to deviate from this policy if it is in the best interest of the School. The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation.

Total fund balance	$ 7,684,258
Less:	
Bonds	3,566,243
Security deposits	90,000
Prepaid items	-
Remaining fund balance	$ 4,028,015

III. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The School has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

IV. SUBSEQUENT EVENTS

Management has evaluated subsequent events to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through October 21, 2026, which is the date the financial statements were available to be issued.

V. CHANGES IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2026, GASB Statement No. 103, Financial Reporting Model Improvements, was implemented. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement changes the Management's Discussion and Analysis to limit discussion areas while requiring detailed analysis to explain why balances and results of operations changed. The Statement clarifies items reported as Unusual or Infrequent Items, formerly reported as Special or Extraordinary Items, as well as reporting requirements. Changes are required to the reporting format of the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position. The Statement requires changes to the reporting of major and nonmajor component units. Also, all budgetary comparison information is now required to be presented as Required Supplementary Information. No restatements were required as a result of implementation.

For the year ended June 30, 2026, GASB Statement No. 104, Disclosure of Certain Capital Assets, was implemented. The Statement requires separate disclosure of certain lease assets, public-private and public-public partnership right-to-use assets, subscription assets, other intangible assets, and capital assets held for sale. The Statement was applied retroactively. Implementation changed the presentation and disaggregation of the capital-assets note but did not affect beginning net position or amounts reported in the basic financial statements.

For the year ended June 30, 2026, GASB Statement No. 105, Subsequent Events, was implemented. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

VI. Blended Component Unit

Condensed combining information for the School's blended component unit for the year ended June 30, 2026 is presented as follows:

Condensed Statement of Net Position
Governmental Activities
June 30, 2026

	Casa Esperanza Montessori, Inc.	Casa Esperanza Holding, LLC	Eliminations	Total
Assets				
Current Assets	$ 4,206,872	$ 3,566,243	$ -	$ 7,773,115
Capital Assets, Net	276,973	13,088,856	-	13,365,829
Total Assets	$ 4,483,845	$ 16,655,099	$ -	$ 21,138,944
Liabilities				
Current Liabilities	$ 132,781	$ 387,070	$ -	$ 519,851
Long-Term Liabilities	-	20,235,000	-	20,235,000
Total Liabilities	132,781	20,622,070	-	20,754,851
Net Position				
Net Investment in Capital Assets	233,049	(7,451,144)	-	(7,218,095)
Unrestricted	4,118,015	(82,070)	-	4,035,945
Restricted	-	3,566,243	-	3,566,243
Total Net Position	$ 4,351,064	$ (3,966,971)	$ -	$ 384,093

V1. Blended Component Unit

Condensed Statement of Activities
Governmental Activities
June 30, 2026

	Casa Esperanza Montessori, Inc.	Casa Esperanza Holding, LLC	Eliminations	Total
Operating Revenues				
Unrestricted county appropriations	$ 2,758,795	$ -	$ -	$ 2,758,795
Unrestricted state appropriations	5,529,237	-	-	5,529,237
Operating grants and contributions	266,112	-	-	266,112
Donations - general	673,335	615,834	(670,788)	618,381
Rental income	-	1,274,738	(1,274,738)	-
Charges for services	60,562	-	-	60,562
Investment earnings	11,021	144,371	-	155,392
Miscellaneous, unrestricted	77,370	-	-	77,370
Transfers	220,113	-	-	220,113
Total Operating Revenues	9,596,545	2,034,943	(1,945,526)	9,685,962
Operating Expenses:				
Instructional services	7,741,674	915,668	(1,945,526)	6,711,816
System-wide support services	1,800,404	79,337	-	1,879,741
Interest on long-term debt	-	984,844	-	984,844
Community services	-	-	-	-
Total Operating Expenses	9,542,078	1,979,849	(1,945,526)	9,576,401
Change in net position	54,467	55,094	-	109,561
Beginning net position	4,296,597	(4,022,065)	-	274,532
Ending net position	$ 4,351,064	$ (3,966,971)	$ -	$ 384,093

SUPPLEMENTARY INFORMATION

CASA ESPERANZA MONTESSORI, INC. **Statement 1**

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP)

All Funds

For the Year Ended June 30, 2026

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
State of North Carolina	$ 5,550,393	$ 5,529,237	$ (21,156)
Boards of Education	2,832,070	2,758,795	(73,275)
U.S. Government	247,522	266,112	18,590
Private programs	312,430	350,706	38,276
All other revenue sources	736,914	790,523	53,609
Total revenues	9,679,329	9,695,373	16,044
EXPENDITURES			
Salaries and benfits	6,086,224	6,155,150	(68,926)
Total payroll	6,086,224	6,155,150	(68,926)
Education	208,000	223,791	(15,791)
Contract services	612,204	669,058	(56,854)
Office expenses	116,500	115,409	1,091
Property leases and utilities	2,048,283	2,060,363	(12,080)
Operations	248,000	249,771	(1,771)
Contingency	180,315	-	180,315
Total non-payroll	3,413,302	3,318,392	94,910
Total expenditures	9,499,526	9,473,542	25,984
Excess of revenue over expenditures	$ 179,803	$ 221,831	$ 42,028
Reconciliation to change in fund balance			
LLC Activity		55,094	
Prior Period NC Sales Tax Refund to LLC		(200,937)	
Bond Principal		(290,000)	
Capital Outlay		(176,175)	
LLC Depreciation		325,717	
Change in fund balance		$ (64,470)	

COMPLIANCE SECTION

SHARPE PATEL CPA

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
Casa Esperanza Montessori, Inc.
Raleigh, North Carolina

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, the business-type activities, each major fund, and the aggregate remaining fund information of Casa Esperanza Montessori, Inc., as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Casa Esperanza Montessori, Inc.'s basic financial statements, and have issued our report thereon dated October 21, 2026

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Casa Esperanza Montessori, Inc.'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 Casa Esperanza Montessori, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Casa Esperanza Montessori, Inc.'s internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Raleigh, North Carolina
October 21, 2026

SHARPE PATEL CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE OBM UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To the Board of Directors
Casa Esperanza Montessori, Inc.
Raleigh, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Casa Esperanza Montessori, Inc.'s compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* that could have a direct and material effect on each of Casa Esperanza Montessori, Inc.'s major State programs for the year ended June 30, 2026. Casa Esperanza Montessori, Inc.'s major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Casa Esperanza Montessori, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2026.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the *Audit Manual for Governmental Auditors in North Carolina,* and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Casa Esperanza Montessori, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major State program. Our audit does not provide a legal determination of Casa Esperanza Montessori, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Casa Esperanza Montessori, Inc.'s State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Casa Esperanza Montessori, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Casa Esperanza Montessori, Inc.'s compliance with the requirements of each major State program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Casa Esperanza Montessori, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Casa Esperanza Montessori, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Casa Esperanza Montessori, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State Single Implementation Act. Accordingly, this report is not suitable for any other purpose.

Sharpe Patel PLLC

Raleigh, North Carolina

October 21, 2026

CASA ESPERANZA MONTESSORI, INC.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2026

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report issued on whether the financial statements audited were prepared in accordance with GAAP:
Unmodified

Internal control over financial reporting:

Material weaknesses identified?	____	yes	X	no
Significant deficiency(s) identified that are not considered to be material weaknesses?	____	yes	X	none reported
Noncompliance material to the financial statements noted	____	yes	X	no

State Awards

Internal control over major State programs:

Material weaknesses identified?	____	yes	X	no
Significant deficiency(s) identified that are not considered to be material weaknesses?	____	yes	X	none reported

Type of auditors' report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act ____ yes X no

Identification of major State programs:

Program Name
State Public School Fund - Charter Schools

CASA ESPERANZA MONTESSORI, INC.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2026

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

CASA ESPERANZA MONTESSORI, INC.
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2026

None Noted.

CASA ESPERANZA MONTESSORI, INC.
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2026

Grantor/Pass-through Grantor/Program Title	Federal ALN	State/Pass-Through Grantor's Number	Expenditures
FEDERAL GRANTS			
Cash Assistance:			
U.S. Department of Education			
Title I Cluster:			
ESEA Title VI-B Special Needs	84.027	PRC 115	$ 7,568
Grants to States	84.027	PRC 060	120,052
Preschool	84.027	PRC 049	315
Total Title I Cluster			127,935
Title VI-B Cluster:			
Title I Basic	84.01	PRC 050	87,994
Supporting Effective Instruction	84.01	PRC 103	20,536
Title VI-B	84.01	PRC 105	4,582
English Language Acquisition	84.01	PRC 104	14,729
Total Title VI-B Cluster			127,841
English Language Acquisition	84.365	PRC 111	74
Student Improvement	84.010A	PRC 108	10,262
Total U.S. Department of Education			266,112
Total Federal Assistance			$ 266,112

CASA ESPERANZA MONTESSORI, INC.
Schedule of Expenditures of Federal and State Awards (Continued)
For the Year Ended June 30, 2026

STATE GRANTS

Cash Assistance:

N.C. Department of Public Instruction:		
State Public School Fund - Charter Schools	PRC 036	$ 5,523,584
Third Grade Reach to Achieve	PRC 046	3,500
Principal and Teacher Bonus	PRC 048	2,153
Total State assistance		5,529,237
Total Federal and State assistance		$ 5,795,349

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation
The accompanying schedule of expenditures of Federal and State awards (SEFSA) includes the Federal and State grant activity of Casa Esperanza Montessori, Inc. under the programs of the Federal government and the State of North Carolina for the year ended June 30, 2026. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

Note 2: Summary of Significant Accounting Policies
Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate
The School has elected not to use the 15-percent de minimis cost rate as allowed under the Uniform Guidance.