



Finance Report

February 20, 2026

Second Quarter Financial Status for 2025-2026 and Revised Budget for 2025-2026

Definitions: ADA=[Average Daily Attendance](#) (based on daily work completion)

LCFF=[Local Control Funding Formula](#) (Primary state source for school funds)

UPP=[Unduplicated Pupil](#) Percentage (Low-Income, English Learners, Foster Youth)

Fusion has entered the second half of the 2025-2026 school year with higher state and federal funding than anticipated, due to a **9.75% increase in average daily attendance (ADA)**. As of December 1, 2025, Fusion averaged about eleven more students attending each day than the ADA estimate of 118 in the FY26 Budget adopted in June 2025 by the Aspiranet Board.

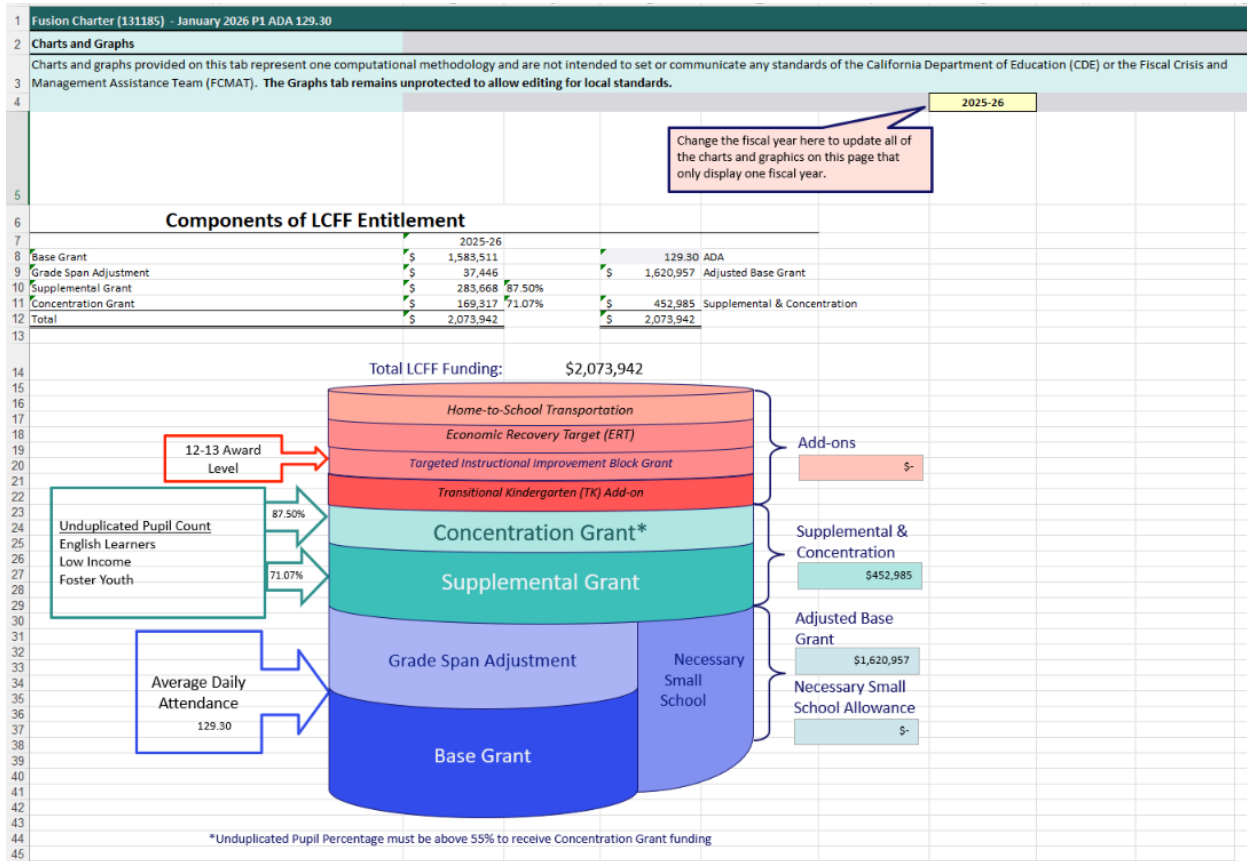
ADA State Aid Increased by \$185,702 with Other Increases to Follow

Based on the LCFF Calculator released January 12, 2026 by the CDE (fcmat.org), Fusion’s **FY26 LCFF allocation has increased to \$2,073,942**, compared to estimates of \$2,029,800 in the Q1 report in November 2025 and \$1,888,240 in the adopted annual budget in June 2025 (See the chart below for comparisons of LCFF Components). While LCFF based on prior semester ADA will comprise Fusion’s **primary LCFF state aid revenue increase of \$185,702**, revised allocations for special education, mental health, and arts/music will be included in five equal distributions from February through June. A final correction for FY26 will be made after the school year ends, based on ADA in Spring 2026. Related increases in lottery and federal funds will lag by several months after adjustments in state aid. Revised estimates for these other funding sources and additional information supporting Fusion’s positive financial outlook are in the **Second Interim Report** through January 2026, as required by the CDE.

| Components of LCFF Entitlement 2025-2026 (from FCMAT Calculator V.26.2a January 2026) | | | | | |
|--|--------|--------------------|--------------------|--------------------|----------------------|
| | UPP* | Adopted Budget | 11/25 Estimate | 1/26 Estimate | Increase from Budget |
| | | 118 ADA | 126.42 ADA | 129.30 ADA | 11.30 ADA |
| Base Grant | | \$1,449,036 | \$1,549,590 | \$1,583,511 | \$134,475 |
| Grade Span Adjustment (9-12) | | \$34,561 | \$36,867 | \$37,446 | \$2,885 |
| Adjusted Base Grant | | \$1,483,597 | \$1,586,457 | \$1,620,957 | \$137,360 |
| Supplemental Grant | 87.50% | \$251,796 | \$277,630 | \$283,668 | \$31,872 |
| Concentration Grant | 71.07% | \$152,847 | \$165,713 | \$169,317 | \$16,470 |
| Supplemental & Concentration | | \$404,643 | \$443,343 | \$452,985 | \$48,342 |
| Total Revised FY26 LCFF | | \$1,888,240 | \$2,029,800 | \$2,073,942 | \$185,702 |

*Fusion UPP Revised from 84.86% and 70.86% Budget Estimates, based on Turlock District updates sent 11/6/25 and 2/10/26.

The revenue per each of 180 school days increased by \$1,031.68, from \$10,490.22 to \$11,521.90 due to the ADA increases and higher UPPs for both Fusion and the Turlock District.



Spending for Unduplicated Pupils (English Learners, Low Income, and Foster Youth)

Fusion’s annual LCFF for FY26 is \$16,307.93 per unit of ADA for Grades 9-12 and \$13,714.48 for Grades 7-8. LCFF Supplemental and Concentration funding, identified in the green bands of the graph above, is the portion earmarked for improved or increased services to the 87.65% of Fusion students who are low-income, foster youth and/or English learners (UPP). The revised amount for FY26 is \$452,985, a \$48,342 increase to be spent for specific support services for high need students. The **LCFF Calculator** indicates that Fusion must improve or increase services to “Unduplicated Pupils” by at least 27.95%, up from the original budget 27.53%, due to 2025 Census Day increases in the UPP. Examples of these services are tutoring for Long-Term English Learners, school personnel focused on high needs students, costs of the van shuttle for transportation and attendance tracking and incentives, as outlined in the **Mid-Year LCAP**.

Fusion’s FY26 expenditures to serve high needs students include additional state and federal funds received due to ADA increases and carryover grant revenues received in previous years which must be spent before they expire. Grant spending is highly restrictive; expenditures for facilities and administrative costs are limited or disallowed by most grants.

Other Adjustments to Revenues and Expenditures

Fusion's **Second Interim Report** includes late January LCFF revenues received in February and all expenses through January 31, 2026. By this end date, Fusion had received all accrued funds deferred from FY25 into FY26, with the exception of the final 25% being processed by CYBHI for Behavioral Health set-up in the amount of \$12,584.75. Due to increases in FY25 ADA, the total FY25 accrual amount exceeded the estimate of \$472,817.13 by **\$10,126.37**, which has been added to the FY26 budget (\$4,049 to Restricted funds and \$6,077.37 to Unrestricted funds).

The total **Revised Revenue for the FY26 Budget is \$3,001,865.51, an increase of \$134,119.53 over the adopted budget**, due to mid-year adjustments made to preliminary apportionments by the CDE and projected increases in state funds equal to the 9.75% increase in ADA, slight decreases in federal funds, and less \$121,611 in grant revenue moved to other years.

The **Revised Expenditures of \$2,901,230.04 add \$256,538.02 to the adopted FY26 Budget**. The revision includes a 1% oversight increase of \$1,857.02 to TUSD, \$60,000 in administrative overhead to Aspiranet, \$48,342 in services to high need students and an estimated \$21,000 in materials and operating expenses for 21 students enrolled more than estimated.

The FY26 Expenditure revisions also include \$125,339 in new grant expenses and \$34,188 in unexpected new grant revenues not in the FY26 original budget approved in June 2025.

1. **Children and Youth Behavioral Health Initiative (CYBHI)** All FY25 revenues of \$50,339.00 are being spent in FY26 to prepare for Medi-Cal billing for Mental Wellness.
2. **Community Engagement Initiative (CEI)** Fusion's unrestricted collaborative community engagement fund is \$70,000.00 per year for two years on a reimbursement basis. The CEI is included in the revised budget as FY26 Operating Expenses; however, the team will determine expenditures for salary, materials and services annually. To date the fund has been used for grocery cards and bags of food for Fusion families in need, community engagement materials, and expenses for CEI meetings.
3. **Student Support & Professional Development Discretionary Block Grant (SSPDBG)** In November, Fusion received the first \$27,663 of \$36,884 unexpected state revenues for use through 2029. Fusion will set aside \$5,000 for FY26 expenditures for staff training, similar to the Employee Effectiveness funds which were depleted last year, and reserve the rest for future budget years. The remaining 25% (\$9,221) will be distributed in a future fiscal year after all current funds are expended. The Governor's proposed budget for 2026-27 includes an expansion of this flexible grant, estimated at an additional \$512 per ADA, with specific figures to be available after the May 2026 budget revision.
4. **Learning Recovery Emergency Block Grant (LREBG)** Fusion received an unexpected allocation of \$6,525 in funds that will be incorporated into the 26-27 LCAP. This fund is primarily used for WiFi and chromebook repairs and other emergency learning supports.

Revised Budget Balances for 2025-2026A

Fusion’s previously reported beginning fund balance carried over from FY25 was revised upward after the **Official Audit** report by Baker Tilley in December, because the planned agency overhead was not charged to Fusion in FY25. Following the FY25 audit, the year-end balance was revised to **\$944,855.00**, carried over as the beginning balance for FY26. As indicated in the **First Interim Report** presented to the board on 11/20/25, the unofficial **FY25 Unaudited Actuals** reported a fund balance of \$764,467.63, with \$262,394.31 in Restricted funds, primarily for grant obligations in FY26, and \$502,073.32 in ongoing Unrestricted funds. For the **Second Interim Report**, the Restricted balance is unchanged and an audit adjustment of \$180,387.37 is added to the Unrestricted FY26 beginning balance for a new carryover amount of \$682,460.69.

Facility and administrative costs will be monitored carefully as these expenses cannot exceed 20% of all revenues without reducing funding from the state; these expenditures include both the **\$10,000 monthly** administrative overhead fee to Aspiranet which begins in January 2026 (\$60,000 for FY26) and **1% of LCFF oversight fee to TUSD**, paid in two annual installments.

| Revised Annual Budget Projections | Adopted Budget | Revision 2/10/26 | Difference |
|--|-----------------------|-------------------------|---------------------|
| FY26 Projected Revenues | \$2,867,745.98 | \$3,001,865.51 | <i>\$134,119.53</i> |
| FY26 Projected Expenditures | \$2,644,692.02 | \$2,901,230.04 | <i>\$256,538.02</i> |
| FY26 Agency Loan Repayment | \$199,308.35 | \$350,535.85 | <i>\$151,227.50</i> |
| FY26 Balance Carried Forward from FY25 (Audit) | \$626,317.22 | \$944,855.00 | <i>\$318,537.78</i> |
| FY26 Projected Year End Balance | \$650,062.83 | \$694,954.62 | <i>\$44,891.79</i> |

Current Cash Flow Status

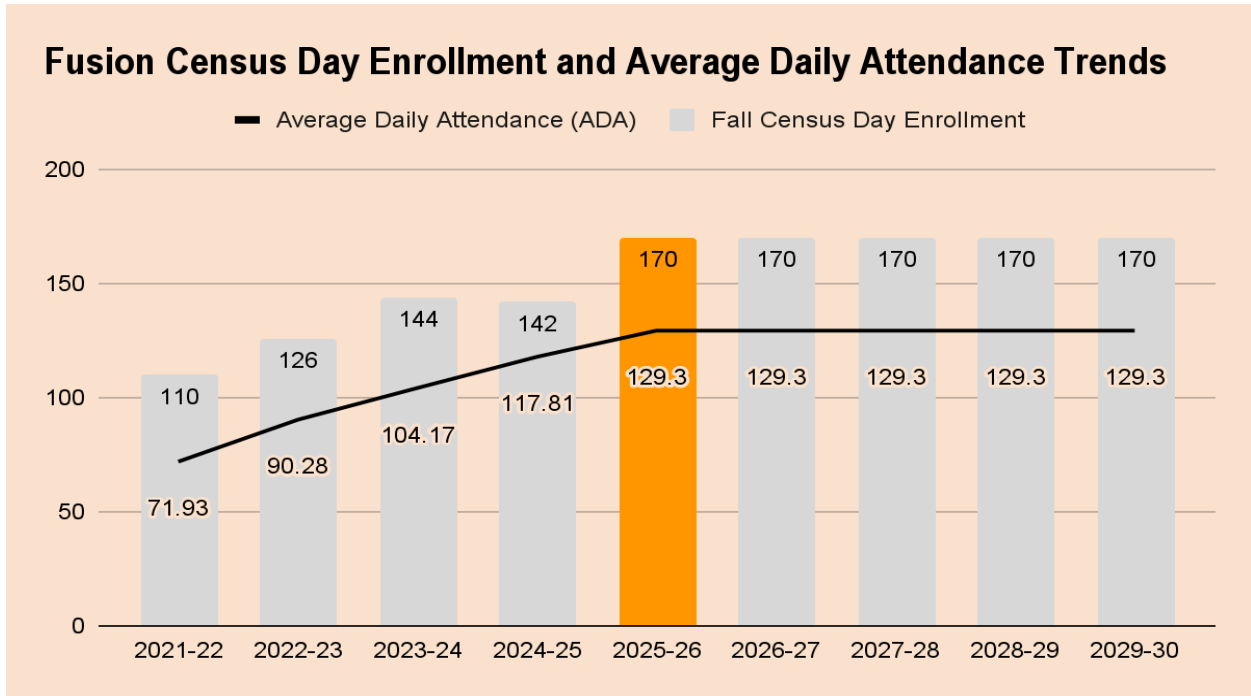
Bank Balance for December 2025, End of Q2: \$1,118,816.31

Bank Balance for January 2026 Second Interim: \$1,138,939.45

The January bank balance does not include **\$153,264 in regular monthly state aid** (LCFF, special education, mental health, arts/music) to be received in February that is reflected in the revenues to date in the **Second Interim Report**.

The bank balance includes carryover funds which will be reduced as Fusion spends grant funds received in prior years to improve and expand the educational program, and after the full repayment to Aspiranet of the long-term loan balance carried from Fusion’s start-up years. The loan repayment of \$174,194.04 on January 8, 2026 leaves a second installment of **\$176,341.82** to be paid in FY26 to clear the entire **\$350,535.85** obligation to Aspiranet; prior to FY26, only a single \$20,000 loan repayment was made in FY25 toward the long-term debt. **The loan repayment in full is a strong indicator of financial stability in Fusion’s second decade.**

Funding Forecast for FY 2025-2026 and Beyond



Fusion has experienced a steep increase in ADA from a Pandemic-related low Spring 2022 P2 ADA of 71.93 to a high **Fall 2025 P-1 ADA of 129.30**. Continued growth at this rate would result in a Spring 2026 P-2 ADA of 133.23 and increased state and federal funds in the next fiscal year. A more conservative ADA over the next four years, displayed in the graph above, includes stable Fall Census Day enrollments of 170 students, daily attendance at the current 76.5%, and a small annual COLA. (As of 1/12/26, the **LCFF Calculator** COLA adjustments were an unchanged 2.3% for 2025-26, lower rates of 2.41% for 2026-27 and 3.06% for 2027-28, a slightly higher 3.34% for 2028-29, and a slightly lower 3.14% for 2029-30. – See fcmat.org)

| 1/31/26 Projections | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 |
|--------------------------------|-----------|-------------|-------------|-------------|--------------------|-------------|-------------|-------------|-------------|
| <i>Census Day Enrollment</i> | 110 | 126 | 144 | 142 | 170 | 170 | 170 | 170 | 170 |
| <i>Unduplicated Count</i> | 86 | 105 | 126 | 124 | 149 | 149 | 149 | 149 | 149 |
| <i>ADA</i> | 71.93 | 90.28 | 104.17 | 117.81 | 129.3 | 129.3 | 129.3 | 129.3 | 129.3 |
| LCFF State Aid Revision | \$865,098 | \$1,238,523 | \$1,581,866 | \$1,848,907 | \$2,073,942 | \$2,119,201 | \$2,180,105 | \$2,250,351 | \$2,320,937 |

By maintaining the stable enrollment and attendance levels projected in the chart above, Fusion will have sufficient resources from annual LCFF funds to sustain the improvements made with increased state aid and supplementary grant funds over the last several years.

*–Submitted by Susan Nisan, Educational Consultant and Former Fusion Charter Principal
February 10, 2026*