

ALTUS SCHOOLS SAN DIEGO

DBA – ALTUS SCHOOLS AUDEO · ALTUS SCHOOLS CHARTER SCHOOL OF SAN DIEGO

(A California Non-Profit Public Benefit Corporation)

*Tim Morton – Chairman, Len Hering RADM, USN (ret) – Vice Chair and Member,
Scott Barton – Member, Chris Megison – Member, Eric Schweinfurter - Member*

SPECIAL BOARD OF DIRECTORS MEETING

Wednesday, January 28, 2026, 1:00 p.m.

Via Teleconference at

6965 El Camino Real, Suite D202, Carlsbad, CA 92009, 1063 Cactus Cut Rd, Middleburg, FL, 32068, 722 W California Avenue, Vista, CA 92083,
25104 Creek Hollow Drive, Ramona, CA 92065, 5183 Mercury Pt, San Diego, CA 92111

and at

*Clairemont RC 4340 Genesee Avenue, Suite 109, SD 92117, College Avenue RC 4585 College Drive, Suite C, SD, 92115,
Downtown RC 1095 K Street Suite A, SD 92101, Euclid RC 220 Euclid Avenue, Suite 80, SD 92114, Lake Murray RC 8776 Lake
Murray Blvd., SD, 92119, Mira Mesa RC 8290 B, Mira Mesa Blvd., SD 92126, North Park RC 2940 North Park Way, SD 92104,
Northgate RC 4125 Alpha Street, Suite C, SD, 92113, Old Town RC , 2245 San Diego Avenue, Suite 115, SD 92110, Petco RC 1091
K Street, Suite A101, SD 92101, Point Loma RC 3145 Rosecrans Street, Suite D, SD 92110, Scripps Ranch RC 9910 Mira Mesa
Blvd, Suite A2, SD 92131, Sorrento Mesa RC 10170 Huennekens Street, SD, 92121, Tierrasanta RC 10425 Tierrasanta Blvd, Suite
101, SD 92124, Woodman RC 2939 Alta View Drive, Suite B/C, SD 92139, and Kearny Mesa RC 7520 Mesa College Drive, SD
92111, La Jolla RC 7458 Girard Avenue, SD 92037, Pacific Beach RC 959 Hornblend Street, SD 92109,
Tierrasanta TK5 Home School RC 10725 Tierrasanta Boulevard, CA 92124*

Access to the live video conference will be accessible prior to the start of the meeting at

Audeo: <https://www.altusaudeo.com/about/board-of-directors>

CSSD: <https://www.altuscssd.com/about/board-of-directors>

This agenda contains a brief, general description of each item to be considered. Except as otherwise provided by law, no action shall be taken on any item not appearing in the following agenda.

DISCUSSION AND/OR MODIFICATION(S) OF THE AGENDA. The Board may change the order of business including, but not limited to, an announcement that an agenda item will be considered out of order, that an agenda item has been withdrawn, postponed, rescheduled, or removed from the agenda.

1.0 OPEN SESSION

- 1.1 Call to Order
- 1.2 Roll Call
- 1.3 Establishment of Quorum
- 1.4 Pledge of Allegiance
- 1.5 Approval of Agenda **P.1-2**

2.0 PUBLIC COMMENT

Public comment for items of interest to the public and within the scope of Altus Schools San Diego Board (non-agenda) shall be no longer than two (2) minutes. Public comment for agenda items shall be no longer than three (3) minutes. Speakers may not yield their time. In meetings held over Zoom, any person who wishes to make a comment on either non-agenda or agenda items shall use the “Raise Hand” feature of Zoom to notify the Board. In accordance with the Brown Act, no discussion or action may occur at this time, but it is the Board’s prerogative to respond or give directions to staff. All public comments will be heard at this point in the agenda as ordered below. Each agenda item being commented on will have a maximum of 20 minutes allotted and each non-agenda public comment will have a maximum of 10 minutes allotted. If necessary, the Board Chair may equivalently decrease the time for each speaker in order to stay within the allotted maximum.

- 2.1 Non-Agenda Public Comment
- 2.2 Agenda Public Comment

3.0 ADMINISTRATIVE ITEMS

- 3.1 Consideration and Acceptance of the Altus Schools Audeo and Altus Schools Charter School of San Diego Audit Report Financial Statements and Supplemental Information for Year Ended June 30, 2025
[P. 3-75](#)

4.0 BOARD ANNOUNCEMENTS AND COMMENTS

From time to time, the Board has topics of interest that they would like to share with the community. These are informational in nature and do not require action.

5.0 ADJOURNMENT

Next Regular Board Meeting: February 26, 2026, 8:30 a.m.

Meeting Agenda available at:

www.altusaudeo.com, www.altuscassd.com

Accommodation – Altus Schools San Diego (School's), does not discriminate on the basis of disability in the admission or access to, or treatment or employment in, its programs or activities. Angela Neri, has been designated to receive requests for disability-related modifications or accommodation in order to enable individuals with disabilities to participate in School's open and public meetings. Please notify Angela Neri at (858) 678-2020 twenty-four (24) hours or more prior to disability accommodations being needed in order to participate in the meeting. Translation services are available by notifying Angela Neri at (858) 678-2045 twenty-four (24) hours or more prior to the board meeting. In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the board in advance of a meeting may be viewed at 10170 Huennekens Street, San Diego, CA 92121, or at the scheduled meeting. In addition, if you would like a copy of any record related to an item on the agenda, please contact Angela Neri (858) 678 -2020.

Certification of Posting

I, Angela Neri, hereby certify that this agenda is posted at the Altus Schools Resource Centers noted on this agenda and has been posted on the Altus Schools Audeo and Altus Schools Charter School of San Diego respective webpages on January 22, 2026.



Altus Schools San Diego

Financial Statements

(Revised)

June 30, 2025

Altus Schools Charter School of San Diego
(Charter #0028)

Altus Schools Audeo
(Charter #0406)



Altus Schools San Diego
Financial Statements
Year Ended June 30, 2025

Table of Contents

<u>INDEPENDENT AUDITOR’S REPORT</u>	<u>1</u>
<u>FINANCIAL STATEMENTS</u>	<u>4</u>
Statement of Financial Position	4
Statement of Activities.....	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to the Financial Statements.....	8
<u>FINANCIAL STATEMENTS BY SCHOOL AS SUPPLEMENTARY INFORMATION</u>	<u>28</u>
Altus Schools Charter School of San Diego – Statement of Financial Position.....	28
Altus Schools Charter School of San Diego – Statement of Activities	29
Altus Schools Charter School of San Diego – Statement of Functional Expenses.....	30
Altus Schools Charter School of San Diego – Statement of Cash Flows	31
Altus Schools Audeo – Statement of Financial Position	32
Altus Schools Audeo – Statement of Activities.....	33
Altus Schools Audeo – Statement of Functional Expenses	34
Altus Schools Audeo – Statement of Cash Flows	35
School Development Fund – Statement of Financial Position	36
School Development Fund – Statement of Activities.....	37
School Development Fund – Statement of Functional Expenses	38
School Development Fund – Statement of Cash Flows.....	39
Combining Statement of Financial Position	40
Combining Statement of Activities.....	41
<u>ADDITIONAL SUPPLEMENTARY INFORMATION</u>	<u>42</u>
Schedule of Average Daily Attendance – Altus Schools Charter School of San Diego.....	42
Schedule of Average Daily Attendance – Altus Schools Audeo	43
Schedule of Instructional Time – Altus Schools Charter School of San Diego.....	44
Schedule of Instructional Time – Altus Schools Audeo	45
Schedule of Financial Trends & Analysis	46
Reconciliation of Unaudited Financial Report with Audited Financial Statements	47
Notes to Supplementary Information.....	48
Schedule of Expenditures of Federal Awards.....	50
Notes to the Schedule of Expenditures of Federal Awards	51
<u>OTHER INFORMATION</u>	<u>52</u>
Organization Structure.....	52

Altus Schools San Diego
Financial Statements
Year Ended June 30, 2025

OTHER INDEPENDENT AUDITOR’S REPORTS	53
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 <i>Government Auditing Standards</i>	53
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the <i>Uniform Guidance</i>	55
Independent Auditor’s Report on State Compliance and on Internal Controls over State Compliance	58
AUDITOR’S RESULTS, FINDINGS & RECOMMENDATIONS	61
Schedule of Auditor’s Results	61
Schedule of Findings and Questioned Costs.....	63
Schedule of Prior Year Audit Findings.....	64



BRIAN K. HADLEY, CPA
AUBREY W. MANN, CPA
KEVIN A. SPROUL, CPA

Independent Auditor's Report

To the Board of Directors
Altus Schools San Diego

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Altus Schools San Diego (the Corporation), a nonprofit organization, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Other Matters

As discussed in Note A to the financial statements, the financial statements as originally issued have been revised to include disclosure of the 415(m) excess benefit plan, which was previously omitted. In addition, certain clerical corrections have been made. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's financial statements.

The accompanying schedule of expenditures of federal 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* are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying financial statements by school and additional accompanying supplementary information, as identified in the Table of Contents and as required by the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, is presented for purposes of additional analysis and is not a required part of the 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 GAAS. In our opinion, the schedule of expenditures of federal awards, the financial statements by school, and additional supplementary information as identified in the table of contents, are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Other Information section of the report, as identified in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2026 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



El Cajon, California
January 15, 2026

Financial Statements

Altus Schools San Diego
Statement of Financial Position
June 30, 2025

Assets	
Cash and cash equivalents	\$ 27,019,144
Operating investments	112,226
Accounts receivable	4,860,005
Prepaid expenses	990,629
Security deposits	83,780
Property and equipment, net	25,595,938
Right-of-use assets, operating leases	
Facilities	9,478,481
Accumulated amortization	(2,894,483)
Accrued rent	(238,304)
Right-of-use assets, financing leases	
Equipment	579,334
Accumulated amortization	(174,893)
Total Assets	<u><u>\$ 65,411,857</u></u>
Liabilities and Net Assets	
Liabilities	
Accounts payable	\$ 682,916
Accrued payroll and related liabilities	362,850
Accrued vacation liability	185,362
Unearned revenue	1,037,272
Leases payable - operating	6,583,999
Leases payable - financing	409,631
Total Liabilities	<u>9,262,030</u>
Net Assets	
Without donor restrictions	
Invested in capital assets, net	25,352,443
Undesignated	<u>27,731,430</u>
Total without donor restrictions	<u>53,083,873</u>
With donor restrictions	
Restricted for state programs	<u>3,065,954</u>
Total with donor restrictions	<u>3,065,954</u>
Total Net Assets	<u>56,149,827</u>
Total Liabilities and Net Assets	<u><u>\$ 65,411,857</u></u>

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

Altus Schools San Diego
Statement of Activities
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Local Control Funding Formula (LCFF)			
State aid	\$ 8,545,697	\$ -	\$ 8,545,697
Education protection account state aid	416,796	-	416,796
Transfers in lieu of property taxes	20,619,028	-	20,619,028
Total LCFF sources	29,581,521	-	29,581,521
Federal contracts and grants	134,174	1,235,827	1,370,001
State contracts and grants	569,610	4,503,667	5,073,277
Local contracts and grants	918,871	312,740	1,231,611
Interest income	824,473	-	824,473
Fair market value adjustments	260,401	-	260,401
Net assets released from restriction -			
Grant restrictions satisfied	7,182,904	(7,182,904)	-
Total revenue, support, and gains	39,471,954	(1,130,670)	38,341,284
Expenses and Losses			
Program services expense	30,690,760	-	30,690,760
Supporting services expense	4,024,500	-	4,024,500
Total expenses and losses	34,715,260	-	34,715,260
	-	-	
Change in Net Assets	4,756,694	(1,130,670)	3,626,024
Net Assets, Beginning of Year	48,327,179	4,196,624	52,523,803
Net Assets, End of Year	\$ 53,083,873	\$ 3,065,954	\$ 56,149,827

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

Altus Schools San Diego
Statement of Functional Expenses
Year Ended June 30, 2025

	Program Services	Supporting Services	
	Educational Programs	Management and General	Total
Salaries of Officers, Directors & Key Employees	\$ 593,312	\$ 132,522	\$ 725,834
Other Salaries and Wages	11,689,522	798,933	12,488,455
Payroll Taxes	262,590	53,744	316,334
Pension Plan Accruals and Contributions	3,429,461	227,731	3,657,192
Other Employee Benefits	6,118,977	390,123	6,509,100
Fees for Services:			
Accounting	-	18,982	18,982
Legal	588	332,131	332,719
Professional Consulting Services	473,463	236,913	710,376
Temporary Agency Services	81,546	90,708	172,254
Special Education	1,149,963	-	1,149,963
Oversight Fees	-	494,837	494,837
Advertising and Promotion	417,000	-	417,000
Office Expenses	279,911	2,045	281,956
Information Technology	1,019,037	89,301	1,108,338
Occupancy	1,164,459	67,616	1,232,075
Travel	88,943	3,886	92,829
Conferences, Conventions and Meetings	57,584	3,375	60,959
Interest	12,132	-	12,132
Insurance	4,850	313,397	318,247
Other Expenses			
Maintenance, Leases & Repairs	994,227	84,933	1,079,160
Books and Supplies	711,673	61,494	773,167
Miscellaneous Expenses	194,434	188,333	382,767
Amortization	1,241,308	106,440	1,347,748
Depreciation	705,780	327,056	1,032,836
Total expenses by function	<u>\$ 30,690,760</u>	<u>\$ 4,024,500</u>	<u>\$ 34,715,260</u>

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

Altus Schools San Diego

Statement of Cash Flows

Year Ended June 30, 2025

Cash Flows from Operating Activities	
Receipts from federal, state, and local contracts and grants	\$ 14,453,103
Receipts from property taxes	20,746,234
Receipts from operating interest & FMV adjustments	1,031,697
Payments for salaries, benefits, and payroll taxes	(24,431,062)
Payments to vendors for goods and services	(8,831,219)
Net Cash Provided By Operating Activities	<u><u>2,968,753</u></u>
 Cash Flows from Investing Activities	
Purchases of property and equipment	(1,772,078)
Acquisition of right-to-use assets	(2,441,362)
Disposal of right-to-use assets	917,368
Net Cash Used For Investing Activities	<u><u>(3,296,072)</u></u>
 Cash Flows from Financing Activities	
Proceeds from leases payable	2,441,362
Principal payments on leases payable	(2,264,151)
Net Cash Used For Financing Activities	<u><u>177,211</u></u>
 Net Change in Cash and Cash Equivalents	 (150,108)
Cash and Cash Equivalents, Beginning of Year	<u>27,169,253</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 27,019,145</u></u>
 Reconciliation of Change in Net Assets to Net Cash	
Used For Operating Activities	
Change in net assets	\$ 3,626,024
Adjustments to reconcile change in net assets to net cash:	
Depreciation	1,032,836
Amortization	1,347,748
Changes in operating assets and liabilities	
(Increase) Decrease in assets	
Operating investments	(4,276)
Accounts receivable	(980,762)
Prepaid expenses	(423,565)
Accrued rent	39,962
Increase (Decrease) in liabilities	
Accounts payable	190,145
Accrued payroll and related liabilities	(723,317)
Accrued vacation liability	(10,830)
Unearned revenue	(1,125,212)
Net Cash Provided By Operating Activities	<u><u>\$ 2,968,753</u></u>

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

A. Principal Activity and Summary of Significant Accounting Policies

Organization

Altus Schools San Diego (the Corporation) is a California Non-Profit Public Benefit Corporation which was formed on March 10, 2003. Under the Charter Schools Act of 1992, a charter school is authorized to elect to operate as, or be operated by, a nonprofit public benefit corporation. Altus Schools Charter School of San Diego and Altus Schools Audeo elected to be operated by Altus Schools San Diego. The Corporation is organized and operated exclusively for educational and charitable purposes pursuant to and within the meaning of Section 501(c)(3) of the Internal Revenue Code. The specific purposes of this corporation are: (1) to manage, operate, guide, direct and promote one or more California public charter schools (“Related Public Charter Schools”) as may be established to provide public education based on the Altus Model; (2) to manage, enhance, improve, disseminate, administer guide and direct the Altus Model and its use by Related Public Charter Schools; (3) to establish, manage, administer, guide and direct such other educational programs including without limitation, preschools, elementary, middle schools, secondary, alternative schools or community programs; (4) to perform and undertake any and all activities and functions, including soliciting contributions of money and property from the general public, as may be proper in connection with the Corporation’s general and specific purposes. Also in the context of these purposes, the Corporation shall not, except to an insubstantial degree, engage in any other activities or exercise of power that do not further the purpose of the Corporation.

Altus Schools Charter School of San Diego was formed on July 1, 1994, as a charter school pursuant to California Education Code §47600 under a charter agreement with San Diego Unified School District. It is a public school that offers independent study instruction to students in grades six through twelve at thirteen resource centers in the geographic boundaries of San Diego Unified School District. Students receive personalized and rigorous academic experience from highly qualified credentialed faculty. They learn in a safe and supportive environment. Charter School of San Diego is fully accredited by the Western Association of Schools and Colleges.

Altus Schools Audeo was formed on November 1, 2001, as a charter pursuant to California Education Code §47600 under an agreement with San Diego Unified School District. It is a public school that offers independent study instruction to students in grades kindergarten through twelve at five resource centers in the geographic boundaries of San Diego Unified School District. Students receive personalized and rigorous academic experience from highly qualified credentialed faculty. They learn in a safe and supportive environment. Altus Schools Audeo is fully accredited by the Western Association of Schools and Colleges.

The Corporation’s mission is to implement personalized education programs to facilitate student achievement. These educational programs will demonstrate that student-based educational reform can provide a prototype for changing the way teachers teach, and students learn in the future. The Corporation operates under the oversight of a board of directors which is comprised of five members.

Charter School Name Change

Effective November 14, 2023, the Charter School of San Diego officially changed its name to Altus Schools Charter School of San Diego, and Audeo Charter School School officially changed its name to Altus Schools Audeo. There was no change in financial statements as a result of these name changes.

Altus Schools San Diego
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

Nature of Activities

Altus Schools Charter School of San Diego is an educational option designed for students in grades six through twelve. The core instructional method is a modified independent study program. The Corporation designs the students' course of study around their Pathway Personalized Education Plan ("PPEP"). It offers students a rigorous academic experience taught by multi-certificated and specially trained teachers. The Corporation also offers small-group instruction that focuses on building skills around a curriculum that is standards based. The PPEP and the "university model" owes much of its positive outcomes to the unique collaboration between parents, students, and teachers.

Altus Schools Audeo is an educational option designed for students in grades kindergarten through twelve. The core instructional method is a modified independent study program. The Corporation designs the students' course of study around their Pathway Personalized Education Plan ("PPEP"). It offers students a rigorous academic experience taught by multi-certificated and specially trained teachers. The Corporation also offers small-group instruction that focuses on building skills around a curriculum that is standards based. The PPEP and the "university model" owes much of its positive outcomes to the unique collaboration between parents, students, and teachers.

Basis of Accounting

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit corporations. The Corporation uses the accrual basis of accounting, under which revenues are recognized when they are earned, and expenditures are recognized in the accounting period in which the liability is incurred.

Cash and Cash Equivalents

The Corporation considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of non-interest bearing amounts due to the Corporation for federal, state, and local grants and contracts receivable. The amounts in accounts receivable are considered fully collectable and as such there has not been an allowance for uncollectable accounts or discount established for the Corporation.

Property and Equipment

The Corporation records property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed in the current period.

The Corporation reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2025.

Investments

The Corporation's method of accounting for investments, in accordance with generally accepted accounting principles, is the fair value method. Fair value is determined by published quotes. Changes in fair value of investments result in increases or decreases in unrealized fair values of equity investments. Adjustments to fair values are reflected as unrealized gain/loss on investments in the accompanying statement of activities. The Corporation's policy is to follow the fair value measurement and reporting requirements contained in FASB ASC 820 *Fair Value Measurements and Disclosures*.

Prepaid Expenses

Prepaid expenses are recorded to account for expenditures during the benefiting period.

Leases

The Corporation leases facilities and equipment which are utilized in its charitable purpose. The Corporation determines if an arrangement is a lease at inception. Operating leases are included in the operating lease right-of-use assets, other current liabilities, and operating lease liabilities in the Statement of Financial Position. Financing leases are included in the financing lease right-of-use assets, other current liabilities, and financing lease liabilities in the Statement of Financial Position.

Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. Our lease term may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Corporation has lease agreements with lease and non-lease components, which are generally accounted for separately. The Corporation has elected to apply the short-term lease exemption to any leases with terms of 12 months or less or any leases below the threshold of \$5,000.

In evaluating contracts to determine if they qualify as a lease, the Corporation considers factors such as whether they have obtained substantially all of the rights to the underlying asset through exclusivity, if the Corporation can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

In allocating consideration in the contract to the separate lease components and the non-lease components, the Corporation uses the stand-alone prices of the lease and non-lease components. Observable stand-alone prices are used, if available. If the stand-alone price for a component has a high level of variability or uncertainty, this allocation may require significant judgment.

Altus Schools San Diego
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Corporation. Accumulated sick leave benefits are not recognized as liabilities of the Corporation. The Corporation's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Corporation's program services, administering, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended June 30, 2025.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Corporation to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Altus Schools San Diego
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

Revenue and Revenue Recognition

The Corporation follows the provisions of FASB ASC 958-605 thereby recognizing revenue when applicable performance-related barriers have been satisfied and the revenue is earned. A performance-related barrier represents something that must be achieved, performed or delivered in order to receive funds. Performance-related barriers are required to be measurable, limit discretion by recipient on the conduct of the activity, and the stipulations are related to the purpose of the agreement or grant. When funds are received and performance-related barriers are not satisfied, the Corporation records the funds as unearned revenue.

After the Corporation has determined that performance-related barriers have been satisfied, the revenue is recognized as either restricted or unrestricted based on the nature of the resources and conditions of the grantor. Restrictions on recognized revenue could constitute allowable uses of the resources that are narrower than the Corporation's mission but are not considered performance-related barriers. Restricted resources are released from their restriction once the restricted purpose has been satisfied.

The Corporation primarily receives funds from the California Department of Education (CDE). Local Control Funding Formula revenue and state revenues received from CDE are based on the Corporation's average daily attendance (ADA) of students and recognized in the period the ADA occurs. In addition, the Corporation receives state and local revenues for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies.

LCFF Revenues and Payments in Lieu of Property Taxes

The Corporation's primary funding source is a combination of local property taxes and state revenues. The California Department of Education computes the local control funding formula (LCFF) on statewide charter school rates multiplied by the schools' average daily attendance (ADA) as reported at the second principal apportionment period (P2). The result is then reduced by property tax revenues transferred from the District to the School, which is funding in lieu of property taxes, and education protection account funds paid by the state under Proposition 30. The remaining balance is paid from the state general fund, in the form of LCFF State Aid. LCFF funding sources, inclusive of state and local sources, made up 77.1% of the Corporation's revenue.

The LCFF includes the following components applicable to the Corporation:

1. Provides a base grant for each school based on the school's ADA. The actual base grant varies based on grade span.
2. Provides an adjustment of 2.6 percent on the base grant amount for grades nine through twelve.
3. Provides a supplemental grant equal to 20 percent of the adjusted base grants for targeted disadvantaged students. Targeted students are those classified as English Learners (EL), eligible to receive a free or reduced-price meal (FRPM), foster youth, homeless youth, or any combination of these factors (unduplicated count).
4. Provides a concentration grant equal to 65 percent of the adjusted base grant for targeted students exceeding 55 percent of the school's enrollment.

The Corporation is not at risk of losing these funding sources, as long as the schools maintain a steady level of ADA, as these funding sources are mandated by the California State Constitution to fund schools.

Altus Schools San Diego
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

Income Taxes

The Corporation is a 509(a)(1) publicly supported non-profit Corporation that is exempt from income taxes under Sections 501(a) and 501(c)(3) of the Internal Revenue Code. The Corporation is also exempt from California franchise or income tax under Section 23701d of the California Revenue and Taxation Code. The Corporation may be subject to tax on income which is not related to its exempt purpose. For the year ended June 30, 2025, no such unrelated business income was reported and, therefore, no provision for income taxes has been made.

The Corporation follows provisions of uncertain tax positions as addressed in ASC 958. The Corporation recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions for the year ended June 30, 2025.

The Corporation files informational and income tax returns in the United States and in the state of California. The federal income tax and informational returns are subject to examination by the Internal Revenue Service for three years after the returns are filed. State and local jurisdictions have statutes of limitation that generally range from three to five years.

Advertising

Advertising costs are expensed as incurred and approximated \$417,000 during the year ended June 30, 2025.

Financial Instruments and Credit Risk

The Corporation manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Corporation to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Corporation has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from government agencies. Investments are made by diversified investment managers whose performance is monitored by the Corporation and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, The Corporation believes that the investment policies and guidelines are prudent for the long-term welfare of the organization.

New Accounting Guidance

The Financial Accounting Standards Board (FASB) issues accounting standards updates and additional guidance for not-for-profit and for-profit agencies to establish consistent accounting across all organizations in the United States. The following table represents items that have been issued by FASB that became effective in the 2024-25 fiscal year:

Description	Date Issued
FASB Accounting Standards Update 2018-12 - <i>Financial Services Insurance (Topic 944)</i>	Aug-18
FASB Accounting Standards Update 2019-09 - <i>Financial Services, Insurance (Topic 944)</i>	Nov-19
FASB Accounting Standards Update 2020-06 - <i>Debt (Topic 470-20)</i>	Aug-20
FASB Accounting Standards Update 2020-06 - <i>Derivatives and Hedging (Topic 815-40)</i>	Aug-20
FASB Accounting Standards Update 2021-08 - <i>Business Combinations (Topic 805)</i>	Oct-21
FASB Accounting Standards Update 2022-01 - <i>Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method</i>	Mar-22
FASB Accounting Standards Update 2023-01 - <i>Leases (Topic 842): Common Control Arrangements</i>	Mar-23
FASB Accounting Standards Update 2023-05 - <i>Business Combinations - Joint Venture Formations (Subtopic 805-60)</i>	Aug-23
FASB Accounting Standards Update 2023-07 - <i>Segment Reporting (Topic 280)</i>	Nov-23

These updates were issued to provide clarification and simplification in accounting for certain transactions. In addition, they provide for additional note disclosures to create transparency involving these transactions. The Corporation has adopted provisions of effective Accounting Standards Updates. The issuance of these standards did not result in a presentation or accounting change that impacted these financial statements.

Subsequent Events

In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through January 15, 2026, the date the financial statements were available to be issued.

Revision of Previously Issued Financial Statements

Subsequent to the original issuance of the financial statements for fiscal year ended June 30, 2025, management identified the need to revise the financial statements to (1) include a disclosure for the 415(m) excess benefit plan (see Note N), which was omitted in the original financial statements, and (2) correct certain clerical errors in the note disclosures. These revisions did not affect the amounts reported in the financial statements. The revised financial statements were reissued on January 15, 2026.

These revised financial statements supersede the financial statements originally issued on January 12, 2026. Users should rely on these revised financial statements as the authoritative version.

Altus Schools San Diego
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

B. Liquidity and Availability

The Corporation's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 27,019,145
Operating investments	112,226
Accounts receivable	<u>4,860,004</u>
Total	<u><u>\$ 31,991,375</u></u>

As part of the Corporation's liquidity management plan, the Corporation invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

C. Fair Value Measurements and Disclosures

The Corporation reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3: Unobservable inputs for the asset or liability. In these situations, the Corporation develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Corporation's assessment of the quality, risk, or liquidity profile of the asset or liability.

The following table presents assets and liabilities measured at fair value on a recurring basis at June 30, 2025:

Altus Schools San Diego
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

Assets	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Cash in San Diego County Treasury	\$ 14,955,048	\$ -	\$ 14,955,048	\$ -
Certificate of deposit	112,226	112,226	-	-
Total	<u>\$ 15,067,274</u>	<u>\$ 112,226</u>	<u>\$ 14,955,048</u>	<u>\$ -</u>

D. Cash and Investments

The Corporation's cash and investments on June 30, 2025, consisted of the following:

Cash in county treasury	\$ 14,947,606
Cash in county - FMV adjustment	7,442
Cash in bank accounts	12,064,096
Operating investments	<u>112,226</u>
Total	<u>\$ 27,131,370</u>

Cash in County Treasury

The Corporation is a voluntary participant and therefore maintains a portion of its cash in the San Diego County Treasury as part of the common investment pool. The fair value of the Corporation's portion of this pool as of that date, as provided by the pool sponsor, was \$14,955,048. The County Treasury is restricted by Government Code §53635 pursuant to §53601 to invest in time deposits, U.S. Government Securities, state registered warrants, notes or bonds, State Treasurer's investment pool, banker's acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse agreements.

The fair value of the Corporations' investment in this pool is reported in the accompanying financial statements at amounts based upon the Corporation's pro-rata share of the fair value provided by the County Treasury for the entire County Treasury portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasury, which are recorded on an amortized cost basis. Cash may be added or withdrawn from the investment pool without limitation.

Cash in Bank

The remainder of the Corporation's cash is held in financial institutions where the funds are 100% Federal Deposit Insurance Corporation (FDIC) insured via the Insured Cash Sweep (ICS) products which sweeps out any funds in excess of \$250,000 each night into other secure FDIC insured financial institutions. The funds are liquid and sweep back as needed.

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the Corporation's name. Utilizing the ICS products protects the Corporation from custodial credit risk.

Altus Schools San Diego
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

Operating Investments

The Corporation holds an eight-month certificate of deposit at Mission Federal Credit Union valued at \$112,226 at June 30, 2025. The certificate of deposit matures on January 2, 2026 and bears an annual percentage yield of 3.55%.

E. Accounts Receivable

As of June 30, 2025, the Corporation's accounts receivable consisted of the following:

Federal Government		
Title I	\$	63,733
ESSA School Improvement		113,166
Special Education		325,496
Other Federal Programs		5,714
State Government		
LCFF State Aid		727,790
Lottery		162,447
Special Education		398,781
Career Technical Education		178,850
Arts & Music		26,602
Local Government		
Property Tax Transfers		2,565,068
Other Local Sources		
Interest		241,885
Related Party		46,819
Other Local Sources		3,654
Total	\$	<u>4,860,005</u>

F. Prepaid Expenses

As of June 30, 2025, the Corporation's prepaid expenses consisted of the following:

Prepaid software & technology	\$	707,991
Prepaid insurance		4,660
Prepaid rent & leases		184,152
Prepaid memberships		17,027
Other prepaid expenses		76,799
Total	\$	<u>990,629</u>

Altus Schools San Diego
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

G. Property and Equipment

Property and equipment for the Corporation consisted of the following at June 30, 2025:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Property & Equipment				
Land	\$ 7,883,069	\$ -	\$ -	\$ 7,883,069
Work in Progress	3,798,073	1,772,076	716,254	4,853,895
Land Improvements	120,695	31,336	-	152,031
Buildings and Improvements	14,821,481	197,822	-	15,019,303
Leasehold Improvements	5,269,430	177,071	-	5,446,501
Equipment, Furniture & Fixtures	1,779,881	310,025	-	2,089,906
Less: Accumulated Depreciation	<u>(8,815,931)</u>	<u>(1,032,836)</u>	<u>-</u>	<u>(9,848,767)</u>
Property & Equipment, net	<u>24,856,698</u>	<u>1,455,494</u>	<u>716,254</u>	<u>25,595,938</u>
Right-of-Use Assets - Operating Leases				
Facilities	8,693,886	1,965,550	1,180,955	9,478,481
Less: Accumulated Amortization	(1,916,762)	(1,241,308)	(263,587)	(2,894,483)
Less: Accrued Rent	<u>(198,342)</u>	<u>(71,278)</u>	<u>(31,316)</u>	<u>(238,304)</u>
Right-of-Use Assets - Operating Leases, net	<u>6,578,782</u>	<u>652,964</u>	<u>886,052</u>	<u>6,345,694</u>
Right-of-Use Assets - Financing Leases				
Equipment	613,876	475,812	510,354	579,334
Less: Accumulated Amortization	<u>(578,808)</u>	<u>(106,439)</u>	<u>(510,354)</u>	<u>(174,893)</u>
Right-of-Use Assets - Financing Leases, net	<u>35,068</u>	<u>369,373</u>	<u>-</u>	<u>404,441</u>
Total Capital Assets, net	<u>\$ 31,470,548</u>	<u>\$ 2,477,831</u>	<u>\$ 1,602,306</u>	<u>\$ 32,346,073</u>

H. Intra-Company Payables and Receivables

As of June 30, 2025, the Corporation had the following intra-company payables and receivables:

Due From (Intracompany Payable)	Due To (Intracompany Receivable)	Amount	Purpose
Altus Schools Charter School of San Diego	Altus Schools Audeo	\$ 11,416	Reimburse operating expenses
Altus Schools Audeo	Altus Schools Charter School of San Diego	<u>16,063</u>	Reimburse operating expenses
Total Intracompany Receivables & Payables		<u>\$ 27,479</u>	

Altus Schools San Diego
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

I. Accounts Payable

As of June 30, 2025, the Corporation's accounts payable consisted of the following:

Vendors Payable	\$ 426,234
Authorizing Agency	139,575
Apportionment Repayment	112,756
Related Party	4,351
Total	<u>\$ 682,916</u>

J. Accrued Payroll and Related Liabilities

As of June 30, 2025, the Corporation's accrued payroll and related liabilities consisted of the following:

Salaries & wages payable	\$ 14,449
Pension contributions payable	335,216
Payroll taxes payable	1,992
Other employee benefits payable	11,193
Total	<u>\$ 362,850</u>

K. Unearned Revenue

As of June 30, 2025, the Corporation's unearned revenue consisted of the following:

Federal Government	
ESSA School Improvement	\$ 118,030
State Government	
Career and Technical Education	395,227
Universal Pre-K	6,078
Local Sources	
Children & Youth Behavioral Health	517,937
Total	<u>\$ 1,037,272</u>

The following table provides information about significant changes in unearned revenue for the year ended June 30, 2025:

Unearned Revenue, beginning of period	\$ 2,162,484
Changes due to:	
Cash received in current year	1,972,600
Performance obligations met	(3,097,812)
Unearned Revenue, end of period	<u>\$ 1,037,272</u>

Altus Schools San Diego
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

L. Leases

The Corporation entered into lease agreements for the use of facilities and equipment. The components of lease expense were as follows:

Operating lease cost	
Amortization of right-of-use assets	\$ 1,241,308
Interest on lease liabilities	<u>318,499</u>
Total operating lease cost	<u>1,559,807</u>
Short-term lease cost	<u>693,419</u>
Finance lease cost	
Amortization of right-of-use assets	106,439
Interest on lease liabilities	<u>12,132</u>
Total finance lease cost	<u>118,571</u>
Total lease expense	<u><u>\$ 2,371,797</u></u>

The following represents additional information related to the Corporation's leases:

Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	\$ 9,478,481
Finance leases	<u>579,334</u>
Total	<u><u>\$ 10,057,815</u></u>
Weighted average remaining lease term:	
Operating leases	69 Months
Finance leases	51 Months
Weighted average discount rate:	
Operating leases	4.60%
Finance leases	3.50%

The following represents activity for the leases during the fiscal year ended June 30, 2025:

Description	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Leases Payable - Operating	\$ 6,777,125	\$ 1,965,551	\$ 2,158,677	\$ 6,583,999
Leases Payable - Financing	<u>39,294</u>	<u>475,812</u>	<u>105,475</u>	<u>409,631</u>
Total	<u><u>\$ 6,816,419</u></u>	<u><u>\$ 2,441,363</u></u>	<u><u>\$ 2,264,152</u></u>	<u><u>\$ 6,993,630</u></u>

Altus Schools San Diego
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

Future minimum lease payments on the Corporation's leases are as follows:

Year Ended June 30,	Operating Leases	Financing Leases
2026	\$ 1,458,471	\$ 103,870
2027	1,344,357	103,870
2028	1,316,020	103,870
2029	1,195,986	103,870
2030	879,303	25,968
Thereafter	1,376,398	-
Total future minimum lease payments	7,570,535	441,448
Less imputed interest	(986,536)	(31,817)
Net future minimum lease payments	<u>\$ 6,583,999</u>	<u>\$ 409,631</u>

M. Net Assets with Donor Restrictions

The Corporation receives grants from federal and state agencies that are restricted for specific purposes. Once the restricted purpose has been fulfilled, the assets are released from restriction. During the 2024-25 fiscal year the Corporation received multi-year grants restricted to specific purposes. At June 30, 2025, the Corporation had the following restricted net assets:

Restricted for state programs	
Learning Recovery	\$ 2,275,193
Arts, Music & Instructional Materials	288,082
Arts & Music in Schools (Prop 28)	185,178
CCAP Grant	152,336
California Clean Energy Jobs Act	89,240
LEA BOP	33,500
Ethnic Studies Block Grant	26,667
Educator Effectiveness	15,758
Total	<u>\$ 3,065,954</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended June 30, 2025:

Restricted net assets, beginning of year	\$ 4,196,624
Changes due to:	
Restricted grants received	6,052,234
Restricted purpose satisfied	<u>(7,182,904)</u>
Restricted net assets, end of year	<u>\$ 3,065,954</u>

N. Altus Schools 415(m) Excess Benefit Plan

Due to recent developments with CalSTRS, Altus Schools is concerned that CalSTRS may not pay some or all of accrued benefits to certain employees and their spouses and beneficiaries. Altus Schools San Diego wishes to establish a retirement arrangement that will provide the estimated value of any benefits that may be lost in the event that CalSTRS fails or refuses to pay future benefits (in whole or in part) or in the event that CalSTRS seeks to recover benefit paid on the basis that an employee was not eligible for benefits. Altus Schools has determined that the best way to provide such excess benefits is through a defined contribution plan that is a qualified governmental excess benefit arrangement within the meaning of IRS Code section 415(m).

Plan Description

The Corporation sponsors the Altus Schools 415(m) Excess Benefit Plan (the “Plan”), a governmental excess benefit arrangement established under Internal Revenue Code section 415(m). The Plan is designed to provide retirement benefits to certain employees whose contributions to the Altus Schools Defined Contribution Plan are limited by IRC section 415(c). Participation is limited to employees designated by Altus Schools as “Eligible Employees” who are also participants in the Defined Contribution Plan and whose contributions are affected by the IRC limits. As of June 30, 2025, initially the Superintendent of School Services and Founder is the designated Eligible Employee. The Plan Administrator has the authority to amend or terminate the Plan in accordance with the provisions of the Board Approved Plan Document and applicable law.

Funding Policy

The Plan is unfunded; all benefits are paid from the general assets of Altus Schools. No assets are segregated or held in trust for the Plan. The Plan may be amended to comply with legal requirements or, with broader consent, for other purposes.

Contributions

Contributions to the Plan are credited to participant accounts in amounts that would have been contributed to the Defined Contribution Plan but for the IRC section 415(c) limits. The Plan also provides for an initial credit based on the present value of estimated future CalSTRS retirement benefits lost due to the IRC limits. No contributions are required from plan members.

Status of Benefit Obligations

Participants vest in their accounts only after a “Triggering Event,” which occurs when the participant separates from employment on or after their retirement date and CalSTRS fails or reduces the participant’s retirement benefits. As of June 30, 2025, there have been no triggering events, no vested benefits, and no benefit payments or other activity under the Plan during the fiscal year.

Altus Schools San Diego
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

O. Employee Retirement System

Qualified employees are covered under multiple-employer defined benefit pension plans by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects:

- a. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of the other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c. If the Corporation chooses to stop participating in some of its multi-employer plans, the Corporation may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Corporation's participation in these plans for the fiscal year ended June 30, 2025, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2024, 2023 and 2022 is for the plan's year-end at June 30, 2023, 2022 and 2021, respectively. The zone status is based on information that the Corporation and its schools received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.

Altus Schools San Diego
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

Period to Period Comparability:

There are no economic or other factors that affect period to period comparability as presented below.

Pension Fund	Pension Plan Number	Pension Protection Act Zone Status			FIP/RP Status Pending/ Implemented
		Year Ended June 30,			
		2025	2024	2023	
Altus Schools Charter School of San Diego					
CalSTRS	37069	Green	Green	Green	No
CalPERS	2894216509	Green	Yellow	Yellow	No
Altus Schools Audeo Charter School					
CalSTRS	37058	Green	Green	Green	No
CalPERS	588503125	Green	Yellow	Yellow	No
Pension Fund	Number of Employees	Contributions			Surcharge Imposed
		2025	2024	2023	
Altus Schools Charter School of San Diego					
CalSTRS	97	\$ 1,558,317	\$ 2,421,497	\$ 2,524,495	No
CalPERS	47	434,397	440,932	410,888	No
Altus Schools Audeo Charter School					
CalSTRS	51	582,441	852,731	798,000	No
CalPERS	43	102,962	107,932	104,401	No
Total	238	\$ 2,678,117	\$ 3,823,092	\$ 3,837,784	

CalSTRS:

The Corporation contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. Required contribution rates are set by the California Legislature and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level of percentage of payroll using the entry age normal actuarial cost method. CalSTRS also uses the level of percentage of payroll method to calculate the amortization of any unfunded liability. Copies of the STRS annual report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

For the fiscal year ended June 30, 2025, active plan members were required to contribute between 10.205% and 10.25% of their salary, depending on their membership date. The employer contribution rate was 19.10% of annual payroll. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. The Corporation made contributions as noted above. For the year ended June 30, 2025 the State contributed \$979,075 (10.828% of certificated salaries) on behalf of the Corporation.

Altus Schools San Diego
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

CalPERS:

The Corporation contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, with the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Active plan members are required to contribute between 7% and 8% of their salary, depending on their membership date. The employer is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2024-25 was 27.05% of classified salaries. The Corporation made contributions as noted above.

P. Joint Ventures (Joint Powers Agreements)

The Corporation participates in two joint powers agreement (JPA) entities, the San Diego County Schools Risk Management (SDCSR) and the San Diego County Schools Fringe Benefits Consortium (FBC).

The JPAs arrange for and provide for various types of insurances for its member districts and charter schools as requested. The JPAs are governed by boards consisting of one or more representatives from each member. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member districts and schools beyond their representation on the boards. Each member district and school pay a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPAs.

Information on JPAs financials can be obtained by contacting the JPAs directly at 6401 Linda Vista Road, San Diego, CA 92111.

Altus Schools San Diego
Notes to the Financial Statements, Continued
Year Ended June 30, 2025

Q. Related Party Transactions

Related parties as defined by generally accepted accounting standards include:

1. Affiliates of the entity,
2. Management and members of their immediate families, or
3. Other parties that can significantly influence management or operating policies.

Altus Schools Southern California is affiliated with the Corporation through common executive management. To benefit from cost savings associated with sharing of employees, bulk purchasing, and other negotiations that benefit both organizations, the organizations reimburse such expenses to the organization paying the transaction if there are any.

The following represents transactions that occurred between the Corporation and Altus Schools Southern California during the fiscal year ended June 30, 2025:

	Related Party Receivables			
	Balance		Payments	Balance
	July 1, 2024	Additions	Received	June 30, 2025
Altus Schools East County	\$ 22,256	\$ 32,574	\$ 48,566	\$ 6,264
Altus Schools North County	12,259	17,823	26,461	3,621
Altus Schools South Bay	42,616	72,890	99,569	15,937
Audeo Charter School II	22,147	31,298	47,775	5,670
Audeo Valley Charter School	19,689	27,887	42,489	5,087
Mirus Secondary School	22,983	36,851	49,594	10,240
Total Altus Schools Southern California	<u>\$ 141,950</u>	<u>\$ 219,323</u>	<u>\$ 314,454</u>	<u>\$ 46,819</u>

	Related Party Payables			
	Balance		Payments	Balance
	July 1, 2024	Additions	Submitted	June 30, 2025
Altus Schools East County	\$ -	\$ 5,340	\$ 5,297	\$ 43
Altus Schools North County	-	5,870	4,658	1,212
Altus Schools South Bay	-	849	795	54
Audeo Charter School II	-	10,900	8,071	2,829
Audeo Valley Charter School	-	3,787	3,632	155
Mirus Secondary School	-	4,125	4,067	58
Total Altus Schools Southern California	<u>\$ -</u>	<u>\$ 30,871</u>	<u>\$ 26,520</u>	<u>\$ 4,351</u>

R. Other Charter School Requirements

1. Each of the Corporation's schools administers to each pupil the achievement test designed by the California State Board of Education, such as CAASPP, ELPAC, and Physical Fitness Test.
2. All teachers hold a valid California Teaching Credential.
3. Each of the Corporation's schools has complied with the state requirements relating to the number of instructional days.

S. Upcoming Changes in Accounting Pronouncements

The Financial Accounting Standards Board (FASB) has issued the following Accounting Standards Updates (ASU) that become effective over the next few fiscal years:

Description	Date Issued	Fiscal Year Effective
FASB Accounting Standards Update 2020-10 - <i>Codification Improvements</i>	Nov-20	2025-26
FASB Accounting Standards Update 2022-03 - <i>Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions</i>	Jun-22	2025-26
FASB Accounting Standards Update 2022-05 - <i>Financial Services - Insurance (Topic 944): Transition for Sold Contracts</i>	Dec-22	2025-26
FASB Accounting Standards Update 2023-02 - <i>Investments (Topic 323): Accounting for Investments in Tax Credit Structures</i>	Mar-23	2025-26
FASB Accounting Standards Update 2023-08 - <i>Intangibles - Goodwill and Other - Crypto Assets (Subtopic 350-60)</i>	Dec-23	2025-26
FASB Accounting Standards Update 2023-09 - <i>Income Taxes (Topic 740)</i>	Dec-23	2026-27
FASB Accounting Standards Update 2024-01 - <i>Compensation - Stock Compensation (Topic 718)</i>	Mar-24	2026-27
FASB Accounting Standards Update 2024-02 - <i>Codification Improvements - Amendments to Remove References to the Concepts Statements</i>	Mar-24	2026-27
FASB Accounting Standards Update 2024-03 - <i>Income Statement - Reporting Comprehensive Income-Expense Disaggregation Disclosures</i>	Nov-24	2027-28
FASB Accounting Standards Update 2024-04 - <i>Debt with Conversion and Other Options</i>	Nov-24	2026-27
FASB Accounting Standards Update 2025-01 - <i>Income Statement - Reporting Comprehensive Income-Expense Disaggregation Disclosures</i>	Jan-25	2027-28
FASB Accounting Standards Update 2025-02 - <i>Liabilities Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122</i>	Mar-25	2025-26
FASB Accounting Standards Update 2025-03 - <i>Business Combinations and Consolidation</i>	May-25	2027-28
FASB Accounting Standards Update 2025-04 - <i>Stock Compensation and Revenue from Contracts with Customers</i>	May-25	2027-28
FASB Accounting Standards Update 2025-05 - <i>Measurement of Credit Losses for Accounts Receivable and Contract Assets</i>	Jul-25	2026-27
FASB Accounting Standards Update 2025-06 - <i>Intangibles - Goodwill and Other Internal Use Software</i>	Sep-25	2028-29

These updates were issued to provide clarification and simplification in accounting for certain transactions. In addition, they provide for additional note disclosures to create transparency involving these transactions. The updates effective during the future fiscal years are not expected to impact the financial accounting or presentation for the Corporation.

Financial Statements by School as Supplementary Information

Altus Schools San Diego
 Altus Schools Charter School of San Diego – Statement of Financial Position
 June 30, 2025

Assets

Cash and cash equivalents	\$ 20,472,181
Operating investments	112,226
Accounts receivable	3,627,224
Intracompany receivable	16,063
Prepaid expenses	745,896
Security deposits	58,771
Property and equipment, net	21,959,968
Right-of-use assets, operating leases	
Facilities	8,118,647
Accumulated amortization	(2,486,033)
Accrued rent	(219,843)
Right-of-use assets, financing leases	
Equipment	436,004
Accumulated amortization	(122,045)
Total Assets	<u><u>\$ 52,719,059</u></u>

Liabilities and Net Assets

Liabilities

Accounts payable	\$ 482,927
Accrued payroll and related liabilities	271,668
Accrued vacation liability	146,333
Intracompany payable	11,416
Unearned revenue	594,109
Leases payable - operating	5,632,615
Leases payable - financing	317,988
Total Liabilities	<u>7,457,056</u>

Net Assets

Without donor restrictions	
Invested in capital assets, net	21,736,095
Undesignated	21,029,784
Total without donor restrictions	<u>42,765,879</u>
With donor restrictions	
Restricted for state programs	2,496,124
Total with donor restrictions	<u>2,496,124</u>
Total Net Assets	<u>45,262,003</u>
Total Liabilities and Net Assets	<u><u>\$ 52,719,059</u></u>

Financial statements by school should be read in relation to the financial Statements as a whole, including the notes to the financial statements.

Altus Schools San Diego
 Altus Schools Charter School of San Diego – Statement of Activities
 Year Ended June 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, Support, and Gains			
Local Control Funding Formula (LCFF)			
State aid	\$ 6,368,363	\$ -	\$ 6,368,363
Education protection account state aid	301,078	-	301,078
Transfers in lieu of property taxes	14,896,536	-	14,896,536
Total LCFF sources	<u>21,565,977</u>	<u>-</u>	<u>21,565,977</u>
Federal contracts and grants	23,302	1,003,955	1,027,257
State contracts and grants	408,703	3,093,630	3,502,333
Local contracts and grants	785,886	283,935	1,069,821
Interest income	670,405	-	670,405
Fair market value adjustments	216,759	-	216,759
Net assets released from restriction -			
Grant restrictions satisfied	<u>5,302,229</u>	<u>(5,302,229)</u>	<u>-</u>
Total revenue, support, and gains	<u>28,973,261</u>	<u>(920,709)</u>	<u>28,052,552</u>
Expenses and Losses			
Program services expense	22,936,808	-	22,936,808
Supporting services expense	<u>3,065,673</u>	<u>-</u>	<u>3,065,673</u>
Total expenses and losses	<u>26,002,481</u>	<u>-</u>	<u>26,002,481</u>
Change in Net Assets	2,970,780	(920,709)	2,050,071
Net Assets, Beginning of Year	<u>39,795,099</u>	<u>3,416,833</u>	<u>43,211,932</u>
Net Assets, End of Year	<u>\$ 42,765,879</u>	<u>\$ 2,496,124</u>	<u>\$ 45,262,003</u>

Financial statements by school should be read in relation to the financial Statements as a whole, including the notes to the financial statements.

Altus Schools San Diego
Altus Schools Charter School of San Diego – Statement of Functional Expenses
Year Ended June 30, 2025

	Program Services	Supporting Services	
	Educational Programs	Management and General	Total
Salaries of Officers, Directors & Key Employees	\$ 494,427	\$ 110,435	\$ 604,862
Other Salaries and Wages	8,524,205	647,877	9,172,082
Payroll Taxes	197,776	44,664	242,440
Pension Plan Accruals and Contributions	2,520,808	186,443	2,707,251
Other Employee Benefits	4,908,598	370,046	5,278,644
Fees for Services:			
Accounting	-	9,491	9,491
Legal	588	249,291	249,879
Professional Consulting Services	359,623	165,389	525,012
Temporary Agency Services	62,562	3,724	66,286
Special Education	667,763	-	667,763
Oversight Fees	-	220,887	220,887
Advertising and Promotion	309,208	-	309,208
Office Expenses	235,057	1,716	236,773
Information Technology	757,394	65,770	823,164
Occupancy	897,898	49,813	947,711
Travel	66,905	3,257	70,162
Conferences, Conventions and Meetings	43,808	2,428	46,236
Interest	9,428	-	9,428
Insurance	3,670	252,738	256,408
Other Expenses			
Maintenance, Leases & Repairs	661,752	62,990	724,742
Books and Supplies	507,646	50,908	558,554
Miscellaneous Expenses	146,475	162,955	309,430
Amortization	1,043,323	83,484	1,126,807
Depreciation	517,894	321,367	839,261
Total expenses by function	<u>\$ 22,936,808</u>	<u>\$ 3,065,673</u>	<u>\$ 26,002,481</u>

Financial statements by school should be read in relation to the financial Statements as a whole, including the notes to the financial statements.

Altus Schools San Diego
Altus Schools Charter School of San Diego – Statement of Cash Flows
Year Ended June 30, 2025

Cash Flows from Operating Activities	
Receipts from federal, state, and local contracts and grants	\$ 10,614,437
Receipts from property taxes	14,865,761
Receipts from operating interest & FMV adjustments	844,484
Payments for salaries, benefits, and payroll taxes	(18,543,471)
Payments to vendors for goods and services	(6,346,968)
Net Cash Provided By Operating Activities	<u>1,434,243</u>
Cash Flows from Investing Activities	
Purchases of property and equipment	(1,345,343)
Acquisition of right-to-use assets	(1,358,699)
Disposal of right-to-use assets	917,368
Net Cash Used For Investing Activities	<u>(1,786,674)</u>
Cash Flows from Financing Activities	
Proceeds from leases payable	1,358,699
Principal payments on leases payable	(2,043,530)
Net Cash Used For Financing Activities	<u>(684,831)</u>
Net Change in Cash and Cash Equivalents	(1,037,262)
Cash and Cash Equivalents, Beginning of Year	<u>21,509,444</u>
Cash and Cash Equivalents, End of Year	<u>\$ 20,472,182</u>
Reconciliation of Change in Net Assets to Net Cash Used For Operating Activities	
Change in net assets	\$ 2,050,071
Adjustments to reconcile change in net assets to net cash:	
Depreciation	839,261
Amortization	1,126,807
Changes in operating assets and liabilities	
(Increase) Decrease in assets	
Operating investments	(4,276)
Accounts receivable	(862,937)
Intracompany receivable	41,727
Prepaid expenses	(300,071)
Accrued rent	26,717
Increase (Decrease) in liabilities	
Accounts payable	166,121
Accrued payroll and related liabilities	(525,062)
Accrued vacation liability	(13,130)
Intracompany payable	(250,328)
Unearned revenue	(860,657)
Net Cash Provided By Operating Activities	<u>\$ 1,434,243</u>

Financial statements by school should be read in relation to the financial Statements as a whole, including the notes to the financial statements.

Altus Schools San Diego
 Altus Schools Audeo – Statement of Financial Position
 June 30, 2025

Assets

Cash and cash equivalents	\$ 5,471,893
Accounts receivable	1,232,781
Intracompany receivable	11,416
Prepaid expenses	244,733
Security deposits	25,009
Property and equipment, net	3,635,970
Right-of-use assets, operating leases	
Facilities	1,359,834
Accumulated amortization	(408,450)
Accrued rent	(18,461)
Right-of-use assets, financing leases	
Equipment	143,330
Accumulated amortization	(52,848)
Total Assets	<u>\$ 11,645,207</u>

Liabilities and Net Assets

Liabilities

Accounts payable	\$ 196,248
Accrued payroll and related liabilities	91,182
Accrued vacation liability	39,029
Intracompany payable	16,063
Unearned revenue	443,163
Leases payable - operating	951,384
Leases payable - financing	91,643
Total Liabilities	<u>1,828,712</u>

Net Assets

Without donor restrictions	
Invested in capital assets, net	3,616,348
Undesignated	5,630,317
Total without donor restrictions	<u>9,246,665</u>
With donor restrictions	
Restricted for state programs	569,830
Total with donor restrictions	<u>569,830</u>
Total Net Assets	<u>9,816,495</u>
Total Liabilities and Net Assets	<u>\$ 11,645,207</u>

Financial statements by school should be read in relation to the financial Statements as a whole, including the notes to the financial statements.

Altus Schools San Diego
Altus Schools Audeo – Statement of Activities
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Local Control Funding Formula (LCFF)			
State aid	\$ 2,177,334	\$ -	\$ 2,177,334
Education protection account state aid	115,718	-	115,718
Transfers in lieu of property taxes	5,722,492	-	5,722,492
Total LCFF sources	<u>8,015,544</u>	<u>-</u>	<u>8,015,544</u>
Federal contracts and grants	110,872	231,872	342,744
State contracts and grants	160,907	1,410,037	1,570,944
Local contracts and grants	132,985	28,805	161,790
Interest income	138,092	-	138,092
Fair market value adjustments	43,642	-	43,642
Net assets released from restriction -			
Grant restrictions satisfied	1,880,675	(1,880,675)	-
Total revenue, support, and gains	<u>10,482,717</u>	<u>(209,961)</u>	<u>10,272,756</u>
Expenses and Losses			
Program services expense	7,753,952	-	7,753,952
Supporting services expense	937,030	-	937,030
Total expenses and losses	<u>8,690,982</u>	<u>-</u>	<u>8,690,982</u>
Change in Net Assets	1,791,735	(209,961)	1,581,774
Net Assets, Beginning of Year	<u>7,454,930</u>	<u>779,791</u>	<u>8,234,721</u>
Net Assets, End of Year	<u>\$ 9,246,665</u>	<u>\$ 569,830</u>	<u>\$ 9,816,495</u>

Financial statements by school should be read in relation to the financial Statements as a whole, including the notes to the financial statements.

Altus Schools San Diego
 Altus Schools Audeo – Statement of Functional Expenses
 Year Ended June 30, 2025

	Program Services	Supporting Services	
	Educational Programs	Management and General	Total
Salaries of Officers, Directors & Key Employees	\$ 98,885	\$ 22,087	\$ 120,972
Other Salaries and Wages	3,165,317	151,056	3,316,373
Payroll Taxes	64,814	9,080	73,894
Pension Plan Accruals and Contributions	908,653	41,288	949,941
Other Employee Benefits	1,210,379	20,077	1,230,456
Fees for Services:			
Accounting	-	9,491	9,491
Legal	-	82,840	82,840
Professional Consulting Services	113,840	51,452	165,292
Temporary Agency Services	18,984	86,984	105,968
Special Education	482,200	-	482,200
Oversight Fees	-	273,950	273,950
Advertising and Promotion	107,792	-	107,792
Office Expenses	44,854	329	45,183
Information Technology	261,643	23,531	285,174
Occupancy	266,561	17,803	284,364
Travel	22,038	629	22,667
Conferences, Conventions and Meetings	13,776	735	14,511
Interest	2,704	-	2,704
Insurance	1,180	60,659	61,839
Other Expenses			
Maintenance, Leases & Repairs	332,475	21,943	354,418
Books and Supplies	204,027	9,221	213,248
Miscellaneous Expenses	47,959	25,230	73,189
Amortization	197,985	22,956	220,941
Depreciation	187,886	5,689	193,575
Total expenses by function	<u>\$ 7,753,952</u>	<u>\$ 937,030</u>	<u>\$ 8,690,982</u>

Financial statements by school should be read in relation to the financial Statements as a whole, including the notes to the financial statements.

Altus Schools San Diego
Altus Schools Audeo – Statement of Cash Flows
Year Ended June 30, 2025

Cash Flows from Operating Activities	
Receipts from federal, state, and local contracts and grants	\$ 3,838,666
Receipts from property taxes	5,880,473
Receipts from operating interest & FMV adjustments	171,237
Payments for salaries, benefits, and payroll taxes	(5,887,591)
Payments to vendors for goods and services	(2,466,195)
Net Cash Provided By Operating Activities	<u>1,536,590</u>
Cash Flows from Investing Activities	
Purchases of property and equipment	(426,735)
Acquisition of right-to-use assets	(1,082,663)
Net Cash Used For Investing Activities	<u>(1,509,398)</u>
Cash Flows from Financing Activities	
Proceeds from leases payable	1,082,663
Principal payments on leases payable	(220,621)
Net Cash Provided By Financing Activities	<u>862,042</u>
Net Change in Cash and Cash Equivalents	889,234
Cash and Cash Equivalents, Beginning of Year	<u>4,582,659</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,471,893</u>
Reconciliation of Change in Net Assets to Net Cash	
Used For Operating Activities	
Change in net assets	\$ 1,581,774
Adjustments to reconcile change in net assets to net cash:	
Depreciation	193,575
Amortization	220,941
Changes in operating assets and liabilities	
(Increase) Decrease in assets	
Accounts receivable	(117,825)
Intracompany receivable	250,328
Prepaid expenses	(123,494)
Accrued rent	13,245
Increase (Decrease) in liabilities	
Accounts payable	20,283
Accrued payroll and related liabilities	(198,255)
Accrued vacation liability	2,300
Intracompany payable	(41,727)
Unearned revenue	(264,555)
Net Cash Provided By Operating Activities	<u>\$ 1,536,590</u>

Financial statements by school should be read in relation to the financial Statements as a whole, including the notes to the financial statements.

Altus Schools San Diego
 School Development Fund – Statement of Financial Position
 June 30, 2025

Assets

Cash and cash equivalents	\$ 1,075,070
Total Assets	\$ 1,075,070

Liabilities and Net Assets

Liabilities

Accounts payable	\$ 3,741
Total Liabilities	3,741

Net Assets

Without donor restrictions	
Undesignated	1,071,329
Total Net Assets	1,071,329
Total Liabilities and Net Assets	\$ 1,075,070

Financial statements by school should be read in relation to the financial Statements as a whole, including the notes to the financial statements.

Altus Schools San Diego
School Development Fund – Statement of Activities
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Interest income	\$ 15,976	\$ -	\$ 15,976
Total revenue, support, and gains	<u>15,976</u>	<u>-</u>	<u>15,976</u>
Expenses and Losses			
Supporting services expense	21,797	-	21,797
Total expenses and losses	<u>21,797</u>	<u>-</u>	<u>21,797</u>
Change in Net Assets	(5,821)	-	(5,821)
Net Assets, Beginning of Year	<u>1,077,150</u>	<u>-</u>	<u>1,077,150</u>
Net Assets, End of Year	<u>\$ 1,071,329</u>	<u>\$ -</u>	<u>\$ 1,071,329</u>

Financial statements by school should be read in relation to the financial Statements as a whole, including the notes to the financial statements.

Altus Schools San Diego
 School Development Fund – Statement of Functional Expenses
 Year Ended June 30, 2025

	Program Services	Supporting Services
	Educational Programs	Management and General
Professional Consulting Services	\$ -	\$ 20,072
Conferences, Conventions and Meetings	-	212
Books and Supplies	-	1,365
Miscellaneous Expenses	-	148
Total expenses by function	<u>\$ -</u>	<u>\$ 21,797</u>

Financial statements by school should be read in relation to the financial Statements as a whole, including the notes to the financial statements.

Altus Schools San Diego
 School Development Fund – Statement of Cash Flows
 Year Ended June 30, 2025

Cash Flows from Operating Activities

Receipts from operating interest & FMV adjustments	\$ 15,976
Payments to vendors for goods and services	<u>(18,056)</u>
Net Cash Used For Operating Activities	<u><u>(2,080)</u></u>

Net Change in Cash and Cash Equivalents (2,080)

Cash and Cash Equivalents, Beginning of Year 1,077,150

Cash and Cash Equivalents, End of Year \$ 1,075,070

Reconciliation of Change in Net Assets to Net Cash Used For Operating Activities

Change in net assets	\$ (5,821)
Adjustments to reconcile change in net assets to net cash:	
Changes in operating assets and liabilities	
Increase (Decrease) in liabilities	
Accounts payable	<u>3,741</u>
Net Cash Used For Operating Activities	<u><u>\$ (2,080)</u></u>

Altus Schools San Diego
Combining Statement of Financial Position
June 30, 2025

Assets

Cash and cash equivalents	\$ 27,019,144	\$ -	\$ 27,019,144
Operating investments	112,226	-	112,226
Accounts receivable	4,860,005	-	4,860,005
Intracompany receivable	27,479	(27,479)	-
Prepaid expenses	990,629	-	990,629
Security deposits	83,780	-	83,780
Property and equipment, net	25,595,938	-	25,595,938
Right-of-use assets, operating leases			
Facilities	9,478,481	-	9,478,481
Accumulated amortization	(2,894,483)	-	(2,894,483)
Accrued rent	(238,304)	-	(238,304)
Right-of-use assets, financing leases			
Equipment	579,334	-	579,334
Accumulated amortization	(174,893)	-	(174,893)
Total Assets	<u>\$ 65,439,336</u>	<u>\$ (27,479)</u>	<u>\$ 65,411,857</u>

Liabilities and Net Assets

Liabilities

Accounts payable	\$ 682,916	\$ -	\$ 682,916
Accrued payroll and related liabilities	362,850	-	362,850
Accrued vacation liability	185,362	-	185,362
Intracompany payable	27,479	(27,479)	-
Unearned revenue	1,037,272	-	1,037,272
Leases payable - operating	6,583,999	-	6,583,999
Leases payable - financing	409,631	-	409,631
Total Liabilities	<u>9,289,509</u>	<u>(27,479)</u>	<u>9,262,030</u>

Net Assets

Without donor restrictions			
Invested in capital assets, net	25,352,443	-	25,352,443
Undesignated	27,731,430	-	27,731,430
Total without donor restrictions	<u>53,083,873</u>	<u>-</u>	<u>53,083,873</u>
With donor restrictions			
Restricted for state programs	3,065,954	-	3,065,954
Total with donor restrictions	<u>3,065,954</u>	<u>-</u>	<u>3,065,954</u>
Total Net Assets	<u>56,149,827</u>	<u>-</u>	<u>56,149,827</u>
Total Liabilities and Net Assets	<u>\$ 65,439,336</u>	<u>\$ (27,479)</u>	<u>\$ 65,411,857</u>

Financial statements by school should be read in relation to the financial
Statements as a whole, including the notes to the financial statements.

Altus Schools San Diego
Combining Statement of Activities
Year Ended June 30, 2025

	Total All Funds	Elimination	Total Altus Schools
Revenue, Support, and Gains			
Local Control Funding Formula (LCFF)			
State aid	\$ 8,545,697	\$ -	\$ 8,545,697
Education protection account state aid	416,796	-	416,796
Transfers in lieu of property taxes	20,619,028	-	20,619,028
Total LCFF sources	<u>29,581,521</u>	<u>-</u>	<u>29,581,521</u>
Federal contracts and grants	1,370,001	-	1,370,001
State contracts and grants	5,073,277	-	5,073,277
Local contracts and grants	1,231,611	-	1,231,611
Interest income	824,473	-	824,473
Fair market value adjustments	260,401	-	260,401
Net assets released from restriction -			
Grant restrictions satisfied	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue, support, and gains	<u>38,341,284</u>	<u>-</u>	<u>38,341,284</u>
Expenses and Losses			
Program services expense	30,690,760	-	30,690,760
Supporting services expense	<u>4,024,500</u>	<u>-</u>	<u>4,024,500</u>
Total expenses and losses	<u>34,715,260</u>	<u>-</u>	<u>34,715,260</u>
Change in Net Assets	3,626,024	-	3,626,024
Net Assets, Beginning of Year	<u>52,523,803</u>	<u>-</u>	<u>52,523,803</u>
Net Assets, End of Year	<u>\$ 56,149,827</u>	<u>\$ -</u>	<u>\$ 56,149,827</u>

Financial statements by school should be read in relation to the financial Statements as a whole, including the notes to the financial statements.

Additional Supplementary Information

Altus Schools San Diego
 Schedule of Average Daily Attendance – Altus Schools Charter School of San Diego
 Year Ended June 30, 2025

Altus Schools Charter School of San Diego - Charter #0028

	Second Period Report		Annual Report	
	Original 78CE6CAB	Revised N/A	Original 3B173268	Revised N/A
Non-Classroom Based Attendance				
Track A Grades 4-6	9.31	N/A	7.34	N/A
Track B Grades 4-6	8.28	N/A	8.10	N/A
Track C Grades 4-6	22.83	N/A	27.64	N/A
Total Grades 4-6	40.42	N/A	43.08	N/A
Non-Classroom Based Attendance				
Track A Grades 7-8	107.29	N/A	98.18	N/A
Track B Grades 7-8	37.73	N/A	36.67	N/A
Track C Grades 7-8	89.51	N/A	103.18	N/A
Total Grades 7-8	234.53	N/A	238.03	N/A
Non-Classroom Based Attendance				
Track A Grades 9-12	877.18	N/A	779.36	N/A
Track B Grades 9-12	99.68	N/A	92.44	N/A
Track C Grades 9-12	253.50	N/A	309.19	N/A
Total Grades 9-12	1,230.36	N/A	1,180.99	N/A
Total Non-Classroom ADA	1,505.31	N/A	1,462.10	N/A

N/A – There were no audit findings which resulted in revisions to the second period or annual reports of attendance.

Altus Schools San Diego
 Schedule of Average Daily Attendance – Altus Schools Audeo
 Year Ended June 30, 2025

Altus Schools Audeo - Charter #0406

	Second Period Report		Annual Report	
	Original 38FE9E95	Revised N/A	Original A4A6085F	Revised N/A
Non-Classroom Based Attendance				
Track A Grades TK/K-3	36.28	N/A	33.70	N/A
Track B Grades TK/K-3	4.67	N/A	4.45	N/A
Track C Grades TK/K-3	22.83	N/A	25.56	N/A
Total Grades TK/K-3	63.78	N/A	63.71	N/A
Non-Classroom Based Attendance				
Track A Grades 4-6	31.51	N/A	28.89	N/A
Track B Grades 4-6	3.04	N/A	3.03	N/A
Track C Grades 4-6	16.18	N/A	17.18	N/A
Total Grades 4-6	50.73	N/A	49.10	N/A
Non-Classroom Based Attendance				
Track A Grades 7-8	34.38	N/A	30.58	N/A
Track B Grades 7-8	7.74	N/A	7.29	N/A
Track C Grades 7-8	21.67	N/A	27.98	N/A
Total Grades 7-8	63.79	N/A	65.85	N/A
Non-Classroom Based Attendance				
Track A Grades 9-12	282.16	N/A	239.19	N/A
Track B Grades 9-12	26.30	N/A	24.17	N/A
Track C Grades 9-12	91.83	N/A	114.59	N/A
Total Grades 9-12	400.29	N/A	377.95	N/A
Total Non-Classroom ADA	578.59	N/A	556.61	N/A

N/A – There were no audit findings which resulted in revisions to the second period or annual reports of attendance.

Altus Schools San Diego
 Schedule of Instructional Time – Altus Schools Charter School of San Diego
 Year Ended June 30, 2025

Altus Schools Charter School of San Diego - Charter #0028

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes*	Total Minutes	Number of Actual Days Offered (Multitrack)	J-13A Days*	Total Instructional Days	Status
Track A, B, C								
6th Grade	54,000	N/A	N/A	N/A	175	0	175	Complied
7th Grade	54,000	N/A	N/A	N/A	175	0	175	Complied
8th Grade	54,000	N/A	N/A	N/A	175	0	175	Complied
9th Grade	64,800	N/A	N/A	N/A	175	0	175	Complied
10th Grade	64,800	N/A	N/A	N/A	175	0	175	Complied
11th Grade	64,800	N/A	N/A	N/A	175	0	175	Complied
12th Grade	64,800	N/A	N/A	N/A	175	0	175	Complied

N/A – Altus Schools Charter School of San Diego is a non-classroom based charter school; therefore, compliance for instructional time offering is not required to be audited.

*Altus Schools Charter School of San Diego did not submit a request for a J-13A emergency waiver of instructional minutes or days.

Altus Schools San Diego
Schedule of Instructional Time – Altus Schools Audeo
Year Ended June 30, 2025

Altus Schools Audeo - Charter #0406

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes*	Total Minutes	Number of Actual Days Offered (Multitrack)	J-13A Days*	Total Instructional Days	Status
Track A, B, C								
Transitional Kindergarten	36,000	N/A	N/A	N/A	175	0	175	Complied
Kindergarten	36,000	N/A	N/A	N/A	175	0	175	Complied
1st Grade	50,400	N/A	N/A	N/A	175	0	175	Complied
2nd Grade	50,400	N/A	N/A	N/A	175	0	175	Complied
3rd Grade	50,400	N/A	N/A	N/A	175	0	175	Complied
4th Grade	54,000	N/A	N/A	N/A	175	0	175	Complied
5th Grade	54,000	N/A	N/A	N/A	175	0	175	Complied
6th Grade	54,000	N/A	N/A	N/A	175	0	175	Complied
7th Grade	54,000	N/A	N/A	N/A	175	0	175	Complied
8th Grade	54,000	N/A	N/A	N/A	175	0	175	Complied
9th Grade	64,800	N/A	N/A	N/A	175	0	175	Complied
10th Grade	64,800	N/A	N/A	N/A	175	0	175	Complied
11th Grade	64,800	N/A	N/A	N/A	175	0	175	Complied
12th Grade	64,800	N/A	N/A	N/A	175	0	175	Complied

N/A – Altus Schools Audeo is a non-classroom based charter school; therefore, compliance for instructional time offering is not required to be audited.

*Altus Schools Audeo did not submit a request for a J-13A emergency waiver of instructional minutes or days.

Altus Schools San Diego
Schedule of Financial Trends & Analysis
Year Ended June 30, 2025

	Budget 2026 (See Note 1)	2025	2024 (See Note 1)	2023 (See Note 1)
Revenues	\$ 37,883,514	\$ 38,341,284	\$ 42,703,386	\$ 33,161,023
Expenses	35,989,336	34,715,260	35,370,581	34,628,471
Change in Net Assets	1,894,178	3,626,024	7,332,805	(1,467,448)
Ending Net Assets	<u>\$ 58,044,005</u>	<u>\$ 56,149,827</u>	<u>\$ 52,523,803</u>	<u>\$ 45,190,998</u>
Unrestricted Net Assets	<u>\$ 58,044,005</u>	<u>\$ 53,083,873</u>	<u>\$ 48,327,179</u>	<u>\$ 45,026,514</u>
Unrestricted net assets as a percentage of total expenses	<u>161.28%</u>	<u>152.91%</u>	<u>136.63%</u>	<u>130.03%</u>
Total Long Term Debt	<u>\$ 318,647</u>	<u>\$ 409,631</u>	<u>\$ 39,294</u>	<u>\$ 153,329</u>
ADA at P2	<u>2,132</u>	<u>2,084</u>	<u>2,151</u>	<u>1,973</u>

The Corporation's ending net assets has increased by \$10,958,829 (24.25%) over the past two fiscal years. The increase is in large due to additional funding received as a result of the COVID-19 pandemic, increases in enrollment, and conservative fiscal practices. Restricted ending net assets include multi-year grants that will be expended over the next one to three years.

Average daily attendance (ADA) has increased by 111 over the past two fiscal years.

Long-term debt includes financing leases. Over the past two fiscal years it has increased by \$256,302.

Note 1:

AU-C §725.05 requires the following conditions be met to provide an opinion on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole:

- 1) The supplementary information was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements.
- 2) The supplementary information relates to the same period as the financial statements.
- 3) The auditor issued an audit report on the financial statements that contained neither an adverse opinion nor a disclaimer of opinion.
- 4) The supplementary information will accompany the audited financial statements or such audited financial statements will be made readily available by the Corporation.

Three of the above columns are not related to the same period as the financial statements and as such we do not provide an opinion on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. Additionally, the analysis presented utilizes information from periods outside the period of the financial statements and as such we do not provide an opinion on whether the analysis is fairly stated, in all material respects, to the financial statements as a whole. The information has been presented for analysis only and has not been audited.

Altus Schools San Diego
 Reconciliation of Unaudited Financial Report with Audited Financial Statements
 Year Ended June 30, 2025

	<u>Altus Schools Charter School of San Diego</u>	<u>Altus Schools Audeo Charter School</u>
June 30, 2025 annual financial alternative form net assets:	\$ 45,262,003	\$ 9,816,495
Adjustments and reclassifications:	<u> </u>	<u> </u>
Total adjustments and reclassifications	<u> -</u>	<u> -</u>
June 30, 2025 audited financial statements net assets:	<u><u>\$ 45,262,003</u></u>	<u><u>\$ 9,816,495</u></u>

Altus Schools San Diego
Notes to Supplementary Information
Year Ended June 30, 2025

A. Financial Statements by School

These schedules are provided to provide supplementary financial information by school for the benefit of oversight agencies and others who may have a need to see the information disaggregated. The statements should be read in relation to the financial statements as a whole, including the notes to the financial statements.

B. Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measure of the number of pupils attending classes of each school. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Apportionment credit for independent study programs, like the programs operated by charter schools within the Corporation, is earned on the basis of student's "work product" or academic assignments which are assessed by their competent credentialed certificated teacher (Education Code Section 51747.5(b)) as well as a record of the student's daily engagement in educational activities required of them by each charter school on a day when school is in session (Title 5 California Code of Regulations Section 11960(a)). The teacher determines the time value of completed assignments or work product and compares the time value of work to the students' contemporaneous logs of days the student engaged in educational activities so that Average Daily Attendance (ADA) can be earned.

C. Schedule of Instructional Time

This schedule provides information regarding compliance with Education Code §47612.

Compliance with Education Code §47612 includes the following:

- 1) Charter schools may operate up to 5 tracks for attendance reporting.
- 2) Each track must be operated for a minimum of 175 days.
- 3) Each track must offer the required number of instructional minutes specified in Education Code §47612.5.
- 4) No track shall have less than 55% of its school days before April 15 each school year.

Compliance with Education Code §47612.5 involves offering a minimum number of annual instructional minutes as defined by grade level. Non-classroom based charters do not have a requirement for auditing/testing offered instructional minutes, as a result the offerings are not reported in the schedule of instructional time.

An LEA that closed due to a qualifying emergency in the 2024-25 fiscal year may submit a Form J-13A to avoid a penalty for not meeting the annual instructional minutes or day requirements. The Corporation's schools did not have an emergency closure and as such there are no credited days to account for on the Schedule of Instructional Time.

Altus Schools San Diego
Notes to Supplementary Information, Continued
Year Ended June 30, 2025

D. Schedule of Financial Trends and Analysis

Budget information for 2026 is presented for analysis purposes only and is based on estimates of the 2025-26 fiscal year. The information has not been subject to audit.

This schedule discloses the Corporation's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the Corporation's ability to continue as a going concern for a reasonable period of time.

The Corporation will develop a budget for a single year that supports the goals of each school. When preparing the annual budget, the Schools consider factors such as student population; past years' experience and trends; need for new services, expansion or curtailment of existing services; estimated revenues and proposed expenditures; and governing board priorities.

The budget process includes:

- Enrollment projections and staffing ratios
- Income projections and LCFF calculation
- Audit of personnel database: Changes in staffing, new positions, vacant positions, full-time equivalency calculation and salary movement in the salary schedule such as salary step increases
- Employee Benefits: Determine rates to use in projecting benefits for retirement contributions, social security, unemployment insurance and workers' compensation; and estimates increases regarding component costs of health and welfare benefit costs
- Monitor Governor's budget items for education program
- Monitor legislation or initiatives that impact funding
- Contracts in process and negotiations with key suppliers
- Non-personnel budgets based on goals and past years' experience and trends
- Fixed costs such as utilities, facility leases, service agreements and insurance

The Governing Board approves the budget by May or June of each year for the subsequent fiscal year. The budget is monitored and revised throughout the fiscal year to ensure that it depicts the financial operations and strategic goals are met. Normally, there are four cycles for adopted budget i.e. Preliminary Budget, Revised Preliminary Budget, February Revised Budget, and May Revised Budget.

Operating financial statements are provided to the governing board in its scheduled board meetings.

E. Reconciliation of Unaudited Financial Report Alternative Form with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets as reported on the Unaudited Financial Report Alternative Forms prepared by the schools to the net assets reported in the audited financial statements.

Altus Schools San Diego
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

<u>Federal Grantor/Pass Through Grantor/ Program or Cluster Title</u>	<u>Federal AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Subrecipient Expenditures</u>	<u>Federal Expenditures</u>
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	\$ -	\$ 300,302
IDEA Mental Health	84.027	15197	-	25,194
Total Special Education (IDEA) Cluster			<u>-</u>	<u>325,496</u>
OTHER PROGRAMS:				
<u>U.S. Department of Education</u>				
Direct Program				
Impact Aid	84.041	N/A	-	134,174
Passed through State Department of Education				
ESSA: Title I Basic	84.010	14329	-	586,119
ESSA: Title I School Improvement Funding	84.010	15438	-	174,382
Subtotal ESSA Title I Funding			<u>-</u>	<u>760,501</u>
COVID-19: ARP - Homeless Children & Youth	84.425	15566	-	3,076
ESSA: Title III English Learner	84.365	14346	-	32,174
ESSA: Title II Supporting Effective Instruction	84.367	14341	-	73,477
ESSA: Title IV Student Support & Academic Enrichment	84.424	15396	-	41,103
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ -</u>	<u>\$ 1,370,001</u>

Altus Schools San Diego
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Corporation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of 2 CFR §200.502 *Basis for Determining Federal Awards Expended* and 2CFR §200.510(b) *Schedule of Expenditures of Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the combined financial statements.

B. Summary of Significant Accounting Policies

The expenditures reported on the schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

C. Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs*. The Corporation did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs*. The California Department of Education approved an indirect cost rate of 5.94% for both Altus Schools Charter School of San Diego and Altus Schools Audeo. Although indirect costs were approved for both schools within the Corporation, no indirect costs were charged to federal programs for the fiscal year ended June 30, 2025.

Other Information

Altus Schools San Diego
Organization Structure
Year Ended June 30, 2025

Altus Schools San Diego was formed on March 10, 2003, when two charter schools merged into one legal entity. Altus Schools Charter School of San Diego (Charter #0028) was originally established in 1994, Altus Schools Audeo (Charter #0406) was originally established in 2001.

CHARTER SCHOOLS

School	Charter Number	Authorizer
Altus Schools Charter School of San Diego	#0028	San Diego Unified School District
Altus Schools Audeo	#0406	San Diego Unified School District

GOVERNING BOARD

Name	Office	Term and Term Expiration
Timothy Morton	Chairman	Two Year Term Expires June 30, 2025
Admiral Len Hering	Member	Two Year Term Expires June 30, 2026
Scott Barton	Member	Two Year Term Expires June 30, 2025
Eric Schweinfurter	Member	Two Year Term Expires June 30, 2026
Chris Megison	Member	Two Year Term Expires June 30, 2027

ADMINISTRATION

Mary Searcy Bixby
 Superintendent School Services & Founder

Lynne Herrero Alipio
 CBO, CFO, Treasurer & Secretary

Other Independent Auditor's Reports



BRIAN K. HADLEY, CPA
AUBREY W. MANN, CPA
KEVIN A. SPROUL, 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 of
Altus Schools San Diego

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 Altus Schools San Diego (the Corporation) which comprise the Corporation's statement of financial position as of June 30, 2025, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 15, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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.



El Cajon, California
January 15, 2026



BRIAN K. HADLEY, CPA
AUBREY W. MANN, CPA
KEVIN A. SPROUL, CPA

Independent Auditor's Report on Compliance for Each Major
Federal Program and Report on Internal Control Over Compliance
Required by the *Uniform Guidance*

To the Board of Directors of
Altus Schools San Diego

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Altus Schools San Diego's (the Corporation) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended June 30, 2025. The Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). 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 the Corporation 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 federal program. Our audit does not provide a legal determination of the Corporation'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 the Corporation's federal programs.

Auditor's Responsibility 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 the Corporation'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 GAAS, *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 the Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the Corporation'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 the Corporation'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 the Corporation'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 federal 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 federal 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 federal 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 or significant deficiencies, 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. Accordingly, this report is not suitable for any other purpose.

William H. King & Co. LLP

El Cajon, California
January 15, 2026



BRIAN K. HADLEY, CPA
AUBREY W. MANN, CPA
KEVIN A. SPROUL, CPA

Independent Auditor's Report on State Compliance and on Internal Controls over State Compliance

To the Board of Directors
Altus Schools San Diego

Report on Compliance for Applicable State Programs

Opinion on Each Applicable State Program

We have audited Altus Schools Charter School of San Diego and Altus Schools Audeo's (the Schools) compliance with the requirements specified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 applicable to the School's statutory requirements identified below for the year ended June 30, 2025.

In our opinion, the Schools 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 their applicable state programs for the year ended June 30, 2025.

Basis for Opinion on Each Applicable 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 *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 (the Audit Guide). Our responsibilities under those standards and the Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Schools 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 applicable state program. Our audit does not provide a legal determination of the Schools' 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 the Schools' 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 the Schools' 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 Audit Guide will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than 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 the Schools' compliance with the requirements of each applicable state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide, 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 the Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Schools' internal control over state 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 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine the Schools' compliance with the state laws and regulations applicable to the following items:

	Procedures Performed	
	Altus Schools Charter School of San Diego	Altus Schools Audeo Charter School
<u>School Districts, County Offices of Education, and Charter Schools</u>		
T. Proposition 28 Arts & Music in Schools.....	Yes	Yes
U. After/Before School Education and Safety Program.....	N/A	N/A
V. Proper Expenditure of Education Protection Account Funds.....	Yes	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts.....	Yes	Yes
X. Local Control and Accountability Plan.....	Yes	Yes
Y. Independent Study - Course Based.....	N/A	N/A
Z. Immunizations.....	N/A	N/A
AZ. Educator Effectiveness.....	Yes	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G).....	Yes	Yes
CZ. Career Technical Education Incentive Grant.....	Yes	Yes
DZ. Expanded Learning Opportunities Program (ELO-P).....	N/A	N/A
EZ. Transitional Kindergarten.....	N/A	N/A
FZ. Kindergarten Continuance.....	N/A	Yes
<u>Charter Schools</u>		
AA. Attendance.....	Yes	Yes
BB. Mode of Instruction.....	N/A	N/A
CC. Nonclassroom-Based Instruction/Independent Study.....	Yes	Yes
DD. Determination of Funding for Nonclassroom-Based Instruction..	Yes	Yes
EE. Annual Instructional Minutes - Classroom Based.....	N/A	N/A
FF. Charter School Facility Grant Program.....	N/A	N/A

N/A – The School did not offer the program during the current fiscal year or the requirement applied to a different type of LEA.

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 State 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 Audit Guide. Accordingly, this report is not suitable for any other purpose.



El Cajon, California
January 15, 2026

Auditor's Results, Findings & Recommendations

Altus Schools San Diego
Schedule of Auditor's Results
Year Ended June 30, 2025

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weakness(es) identified? Yes X No

One or more significant deficiencies identified that are not considered material weakness(es)? Yes X No

Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major federal programs:

One or more material weakness(es) identified? Yes X No

One or more significant deficiencies identified that are not considered material weakness(es)? Yes X No

Type of auditor's report issued on compliance for major programs: Unmodified

Compliance supplement utilized for single audit November 2025

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? Yes X No

Identification of major programs:

AL Number(s)	Name of Federal Program or Cluster
84.010	ESSA: Title I Basic
84.010	ESSA: Title I School Improvement Funding

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? X Yes No

Altus Schools San Diego
 Schedule of Auditor's Results, Continued
 Year Ended June 30, 2025

STATE AWARDS

Type of auditor's report issued on compliance for state programs: Unmodified

Internal control over applicable state programs:

One or more material weakness(es) identified? Yes X No

One or more significant deficiencies identified that are
 not considered material weakness(es)? Yes X No

Any audit findings disclosed that are required to be reported
 in accordance with *2024-25 Guide for Annual Audits
 of California K-12 Local Education Agencies?* Yes X No

Altus Schools San Diego
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), or the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

A. Financial Statement Findings

None

B. Federal Award Findings

None

C. State Award Findings

None

Altus Schools San Diego
Schedule of Prior Year Audit Findings
Year Ended June 30, 2025

<u>Finding/Recommendation</u>	<u>Status</u>	<u>Explanation if Not Implemented</u>
There were no findings in the prior year audit.	N/A	N/A