

SIGNATURE PREPARATORY

AUDITED FINANCIAL STATEMENTS

AND

SUPPLEMENTAL REPORT ON COMPLIANCE WITH
GOVERNMENT REPORTING STANDARDS AND
UNIFORM GUIDANCE

FOR THE YEAR ENDED JUNE 30, 2025

(With Independent Auditor's Report Thereon)

*The report accompanying these financial statements
was issued by Watkins Jackson CPAs, PLLC,
a Nevada Professional Limited Liability Company.*

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WATKINS JACKSON CPAs

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Signature Preparatory
Henderson, Nevada

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Signature Preparatory (the "School"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Signature Preparatory, as of June 30, 2025, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2025, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "Watkins Jackson CPAs". The script is cursive and fluid, with the letters "W", "J", and "C" being particularly prominent.

Watkins Jackson CPAs

November 19, 2025

Las Vegas, Nevada

SIGNATURE PREPARATORY MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025

Fiscal year (FY) 2025 was a year of both progress and financial challenge for Signature Preparatory. Average Daily Enrollment (ADE) held steady at 946, supporting stable per-pupil funding. However, the expiration of one-time federal aid and higher costs tied to recruitment and expansion efforts pressured results. The School recorded a \$(1,644,422) decrease in net position, ending the year at \$(4,013,683). Cash and restricted cash at year-end totaled \$4,528,188, providing liquidity for operations and debt service.

Financial Highlights

- Total Revenues: \$11,333,025, a decrease of \$661,766 from the prior year, primarily due to the expiration of one-time federal funds.
- Total Expenditures: \$12,977,447, an increase of \$513,261, reflecting recruitment, program support, and facility-related costs.
- Change in Net Position: \$(1,644,422) decrease; Ending net position: \$(4,013,683).
- Cash & restricted cash: \$4,528,188 at June 30, 2025.
- Enrollment: Average daily enrollment of 946 students.

At-a-glance Key Performance Indicators (derived):

- Per-pupil revenue / expense: \$11.98k / \$13.72k (based on ADE 946 and totals above).
- Current ratio: 4.9× (current assets to current liabilities).

Overview of the Financial Statements

The basic financial statements include: (1) government-wide statements (full-accrual), (2) fund statements (near-term inflows/outflows and spendable balances), and (3) notes providing additional detail. Together they offer both a broad and detailed view of financial condition and results.

Government-Wide Financial Analysis

Net Position. At June 30, 2025, assets and deferred outflows were driven by capital assets and pension-related items; liabilities were largely bonds and pension. Reconciling from fund to government-wide reporting reflects Capital assets, net \$22,509,969; Right-to-use (RTU) lease asset, net \$116,426, recognition of RTU lease assets and the related liability under GASB 87, bonds payable of approximately \$25 million (plus unamortized premium), and a net pension liability of \$8,879,282, resulting in an ending net position of \$(4,013,683).

Statement of Activities. FY 2025 revenues totaled \$11,333,025 (General revenues of \$9,331,549 led by the Pupil Centered Funding Plan and Local aid (unrestricted); program revenues of \$1,350,845, plus other income of \$359,927). Expenses totaled \$12,977,447 (instruction \$6,334,548; support services \$4,823,707; depreciation/amortization \$550,014; interest \$1,269,181), producing the \$(1,644,422) decrease in net position. Drivers were the roll-off of one-time federal funds and higher recruitment/operating costs; state/local aid remained stable with enrollment.

Net Position

	FY 2025	FY 2024
Current assets + other assets + deferred outflows	32,979,542	33,570,252
Current liabilities + long-term liabilities + deferred inflows	36,993,225	35,939,513
Net position (deficit)	(4,013,683)	(2,369,261)

SIGNATURE PREPARATORY MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025

Key takeaways

- The net position declined by \$1,644,422 year over year (YoY), driven primarily by the roll-off of one-time federal revenues against higher operating costs.
- The balance sheet reflects the school's facility financing model and pension participation:
 - Capital assets, net \$22,509,969; RTU lease asset, net \$116,426 recognized under GASB 87.
 - Bonds payable approximately \$25 million (plus unamortized premium); net pension liability \$8,879,282.
- Liquidity remains meaningful for operations and debt service, with cash and restricted cash \$4,528,188 at year-end.

What this means

- The deficit is structural to the capital and pension profile, not an immediate liquidity issue.
- Continued discipline on purchased/operating services and enrollment retention is the quickest path to stabilizing the trend in net position.

Statement of Activities

	FY 2025	FY 2024	YOY
Program revenues (grants & contributions)	\$1,350,845	\$2,504,862	(1,154,017)
General revenues (PCFP, local aid, other)	9,982,180	9,489,929	492,251
Total revenues	11,333,025	11,994,791	(661,766)
Total expenses (instruction, support, interest, depreciation)	12,977,447	12,464,186	513,261
Change in net position	(1,644,422)	(469,395)	(1,175,027)
Ending net position (deficit)	(4,013,683)	(2,369,261)	(1,644,422)

Revenue and Expenditure Composition and Unit Economics

Revenues were concentrated in the Pupil Centered Funding Plan (approximately 82%), with approximately 12% from program grants/contributions, approximately 6% from local aid, and a small remainder from other sources. Spending weighted to instruction (49%) and support (37%), with interest (10%) and depreciation (4%) reflecting the facility footprint. Per-pupil economics: about \$11,980 of revenue versus \$13,720 of cost per student (gap \$1,740).

Financial Analysis of the School's Funds – Budgetary Highlights (General Fund and Special Education Fund)

General Fund. Revenues were near projections; expenditure variances concentrated in purchased services, operating services, and debt service. The audit shows a year-end General Fund balance of \$4,237,985 (about Restricted \$1,964,564; Nonspendable \$81,247; Unassigned \$2,192,174). Actual expenses exceeded budget by about \$(817,335) on a GAAP basis.

Effect of Special Education transfer. Based on management's actuals, Special Education Fund expenditures were \$1,507,751 versus \$741,956 in revenues, an excess of \$765,795, funded by a transfer from the General Fund to the Special Education Fund. On a pro-forma basis (assuming no other changes), the General Fund ending fund balance would be approximately \$5,003,780 (\$4,237,985 + \$765,795). Interfund transfers will

SIGNATURE PREPARATORY MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025

appear as Other Financing Uses — Transfers Out (General Fund) and Other Financing Sources — Transfers In (Special Education Fund) and eliminate at the government-wide level.

Special Education Fund. Revenues = \$741,956 (state special education) per audit; expenditures = \$1,507,751 per management actuals; transfer in = \$765,795 from the General Fund to fund the local contribution to services. Narrative emphasis: program intensity, timing of reimbursements, and caseload are the principal cost drivers.

Liquidity & Reserves Target

Management will target at least 120 days cash on hand and a current ratio of 4.0× or higher to buffer funding and cost volatility.

Management focus (funds)

- Build a budgeted local contribution for Special Education into the General Fund.
- Implement a monthly SPED forecast (caseload, service minutes, projected spend vs. revenue) and encumbrance controls for contracted services.
- Align grant reimbursement cycles to service delivery to reduce intra-year cash volatility.

Capital and Lease Assets and Debt Administration

Capital and RTU assets. During FY25 the School invested about \$410 thousand in capital outlay and recognized about \$550 thousand in depreciation/amortization. RTU lease assets and liabilities are recorded under GASB 87. Net capital assets at year-end were approximately \$22,509,969; RTU lease asset, net \$116,426.

Long-term obligations. Outstanding bonds payable were approximately \$25 million (with unamortized premium of about \$1.51 million), lease liability about \$119 thousand, and loan about \$36.9 thousand; the School also reports a net pension liability of about \$8.88 million. FY25 debt service totaled about \$1.60 million.

Economic Factors and Future Outlook

The operating budget is highly sensitive to state per-pupil revenue and to the State's capacity to fund appropriations. Cost pressures, including retirement contributions, health insurance, wage growth, and energy, continue to challenge K-12 budgets statewide. Maintaining a sufficient fund balance is prudent to manage volatility and protect program delivery. Enrollment (blended count × per-pupil allowance) remains the dominant revenue driver; recruitment, retention, and attendance initiatives are central to sustaining revenues and stabilizing results.

Key risks: (i) pension-related costs, (ii) facility/utility inflation and scheduled debt service, and (iii) potential adjustments to state funding formulas or reimbursement timing.

Management actions:

Budget discipline and reserves: Conservative enrollment forecasting with monthly re-projections; target a fund balance capable of absorbing shocks while protecting programs and equitable treatment of employees.

Revenue stability: Strengthen recruitment/retention/attendance to protect the blended count; pursue competitive grants and allowable supplemental funding.

**SIGNATURE PREPARATORY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Cost control and liquidity: Vendor rebids, multi-year planning for debt service and utilities, and prudent cash management to preserve liquidity.

Conclusion

While FY25 closed with a deficit at the government-wide level, the School retains meaningful liquidity and a clear plan to stabilize operations. Priorities for FY26 include: (1) embedding a local Special Education contribution in budget planning and formalizing quarterly interfund transfer timing; (2) right-sizing purchased services and strengthening encumbrance controls; (3) protecting enrollment and attendance to sustain per-pupil revenues; and (4) maintain ≥ 120 days cash and $\geq 4.0\times$ current ratio through FY26.

Request for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrator of Signature Preparatory, 498 S. Boulder Hwy, Henderson, NV 89015, Telephone Number 702-224-2809.

FINANCIAL SECTION

SIGNATURE PREPARATORY
STATEMENT OF NET POSITION
GOVERNMENT ACTIVITIES - GENERAL
JUNE 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 2,563,624
Cash - restricted	1,964,564
Due from other governments	158,078
Other accounts receivable	85,851
Prepaid expenses and other current assets	81,247
Capital assets, net of accumulated depreciation of \$2,081,184	22,509,969
Right to use leased assets, net of accumulated amortization of \$26,401	<u>116,426</u>
Total assets	<u>27,479,759</u>
Deferred outflows of resources	
Pension related	<u>5,499,783</u>
LIABILITIES	
Accounts payable	310,503
Accrued payroll and benefits	278,040
Due to other governments	26,836
Lease liability - current	26,158
Lease liability - long-term	92,803
Loan payable - current	5,058
Loan payable - long-term	31,801
Bonds payable - current	350,000
Premiums on issuance of bonds, net of discounts	1,513,020
Bonds payable - long-term	24,605,000
Net pension liability	<u>8,879,282</u>
Total liabilities	<u>36,118,501</u>
Deferred inflows of resources	
Pension related	<u>874,724</u>
NET POSITION	
Investment in capital assets	(2,447,566)
Net unrestricted	<u>(1,566,117)</u>
TOTAL NET POSITION	<u><u>\$ (4,013,683)</u></u>

See Accompanying Notes to the Financial Statements

SIGNATURE PREPARATORY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions	Expenses	Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Position Governmental Activities
Governmental activities			
Program instruction	\$ 6,334,545	\$ 1,350,845	\$ (4,983,700)
Support services	4,823,707	-	(4,823,707)
Interest expense	1,269,181	-	(1,269,181)
Depreciation and amortization	550,014	-	(550,014)
Total Charter School	<u>\$ 12,977,447</u>	<u>\$ 1,350,845</u>	<u>\$ (11,626,602)</u>
General revenues			
Pupil Centered Funding Plan			9,331,549
Local aid unrestricted			634,727
Other income			15,904
Total general revenues			<u>9,982,180</u>
Change in net position			(1,644,422)
Net deficit beginning of year			<u>(2,369,261)</u>
Net deficit end of year			<u>\$ (4,013,683)</u>

See Accompanying Notes to the Financial Statements

SIGNATURE PREPARATORY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Education Revenue Fund	Total Governmental Funds
ASSETS			
Cash	\$ 2,563,624	\$ -	\$ 2,563,624
Cash - restricted	1,964,564	-	1,964,564
Due from other governments	158,078	-	158,078
Other accounts receivable	85,851	-	85,851
Prepaid expenses	81,247	-	81,247
Total assets	<u>\$ 4,853,364</u>	<u>\$ -</u>	<u>\$ 4,853,364</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 310,503	\$ -	\$ 310,503
Accrued payroll and benefits	278,040	-	278,040
Due to other governments	26,836	-	26,836
Total current liabilities	<u>615,379</u>	<u>-</u>	<u>615,379</u>
FUND BALANCES			
Restricted	1,964,564	-	1,964,564
Nonspendable	81,247	-	81,247
Unassigned	2,192,174	-	2,192,174
Total fund balance	<u>4,237,985</u>	<u>-</u>	<u>4,237,985</u>
Total liabilities and fund balance	<u>\$ 4,853,364</u>	<u>\$ -</u>	<u>\$ 4,853,364</u>

See Accompanying Notes to the Financial Statements

SIGNATURE PREPARATORY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total fund balance - governmental funds	<u>\$ 4,237,985</u>
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of the related depreciation are not reported in the Governmental Fund financial statements because they are not current financial resources, but they are reported in the statement of net position.

Capital assets	24,591,153	
Less: Accumulated Depreciation	<u>(2,081,184)</u>	
		22,509,969

Right of use leased assets net of the related amortization are not reported in the Governmental Fund financial statements because they are not current financial resources, but they are reported in the statement of net position

Right of use leased asset	142,827	
Less: Accumulated amortization	<u>(26,401)</u>	
		116,426

Lease liability		(118,961)
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Loans payable are not reported in the Governmental Fund financial statements	(36,859)
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Bonds payable are not reported in the Governmental Fund financial statements

Premiums and discounts on bonds issuance	(1,696,047)	
Less: Accumulated Amortization	<u>183,027</u>	
		(1,513,020)

Bonds payable		(24,955,000)
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Deferred outflows/inflows of resources are not current financial resources or liabilities and, therefore, not reported in the Governmental Fund financial statements.

Deferred outflows related to pensions	5,499,783	
Deferred inflows related to pensions	<u>(874,724)</u>	
		4,625,059

Net pension liability is not due and payable in the current period and therefore is not reported in the Governmental Fund financial statements.	<u>(8,879,282)</u>
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Total net position - governmental activities	<u><u>\$ (4,013,683)</u></u>
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SIGNATURE PREPARATORY
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General	Special Education Revenue Fund	Total Governmental Funds
REVENUE			
Local sources	\$ 344,023	290,704	\$ 634,727
State sources	9,331,549	451,252	9,782,801
Federal sources	899,593	-	899,593
Other income	15,904	-	15,904
	<u>10,591,069</u>	<u>741,956</u>	<u>11,333,025</u>
Total Revenue			
EXPENDITURES			
Programs instruction			
Salaries	2,957,128	609,803	3,566,931
Benefits	924,840	199,049	1,123,889
Supplies	387,541	5,571	393,112
	<u>4,269,509</u>	<u>814,423</u>	<u>5,083,932</u>
Total program expenditures			
Support services			
Administration and staff support	1,123,345	-	1,123,345
Administration and staff benefits	360,990	-	360,990
Purchased services	1,208,610	461,639	1,670,249
Operating services	1,461,300	231,689	1,692,989
	<u>4,154,245</u>	<u>693,328</u>	<u>4,847,573</u>
Total support services			
NONOPERATING EXPENSES			
Capital outlay	410,155		410,155
Debt service	1,603,690	-	1,603,690
	<u>2,013,845</u>	<u>-</u>	<u>2,013,845</u>
Total nonoperating expenses			
Total expenditures	<u>10,437,599</u>	<u>1,507,751</u>	<u>11,945,350</u>
OTHER FINANCING SOURCES			
Transfers (out)/in	<u>(765,795)</u>	<u>765,795</u>	
CHANGES IN FUND BALANCES			
	(612,325)	-	(612,325)
FUND BALANCES, beginning of year	<u>4,850,310</u>	<u>-</u>	<u>4,850,310</u>
FUND BALANCES, end of year	<u>\$ 4,237,985</u>	<u>\$ -</u>	<u>\$ 4,237,985</u>

See Accompanying Notes to the Financial Statements

SIGNATURE PREPARATORY
RECONCILIATION OF THE STATEMENT OF ACTIVITIES TO THE STATEMENT OF REVENUE
EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
JUNE 30, 2025

Net change in fund balance - total governmental fund	\$ (612,325)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.	410,155
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Less current year depreciation and amortization expense	(598,821)
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Right of use lease liabilities repayment of the debt consumes current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of leases and related items	23,866
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Bonds payable are not reported in the Governmental Fund financial statements

Current year bond premium amortization	48,807
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Principal payments on bonds payable	330,000
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Loans payable are not reported in the Governmental Fund financial statements

Principal payments on loan payable	4,509
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Pension contributions are reported as expenditures in the governmental funds when paid; however, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net Pension expense, which is the change in the net pension liability adjusted for changes in pension liability is measured a year before the school's report date. Outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Pension expense - difference between actuarially determined liability and actual contributions made	(1,250,613)
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Change in net position - governmental activities	\$ (1,644,422)
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SIGNATURE PREPARATORY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1. Summary of significant accounting policies

The financial statements of the Signature Preparatory (the “School”) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) applicable to government units, with the exception of the criteria mandated by the Nevada Department of Education requiring charter schools to expense all asset purchases under \$5,000. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting entity – Signature Preparatory is a “charter school”, established in 2018 under Nevada Revised Statutes, including but not limited to, NRS 386.500 to 386.610. The School received approval by the Nevada Department of Education to operate as a charter school. The School’s major operation is to offer an educational environment where learning is maximized through individual instruction, interdisciplinary projects and access to a full spectrum of technological resources for kindergarten through eighth grade in Southern Nevada.

The School receives funding from state and federal government sources and must comply with the requirements of these funding sources. However, the School is not included in any other governmental “reporting entity,” as defined in GASB pronouncements, since its Governing Body has decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Government-wide and fund financial statements – The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Any interfund activities related to services provided and used between functions are not eliminated. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

The major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement focus and basis of accounting – The term, “basis of accounting,” refers to the method used for revenues and expenditure recognition in the accounts and reporting in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied. Under GAAP, all governmental funds are accounted using a modified accrual basis of accounting under which revenues are recognized when they become measurable and available as net current assets. Expenditures are recognized generally under the modified accrual basis of accounting in use when the related fund liability is incurred.

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

SIGNATURE PREPARATORY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1. Summary of significant accounting policies (continued)

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

The School has the following fund categories (further divided by fund type) and account groups:

General Fund – The General Fund is the general operating fund for the School. It is used to account for all financial resources not accounted in other funds.

Special Education Fund – The Special Education Fund is used to account for revenues received and expenditures made to fund the special education program. Financing is provided through the State Public Charter School Authority funded by the U.S. Department of Education.

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

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

All governmental and business-type activities and enterprise funds of the School follow FASB Accounting Standards Codifications ("ASC"), Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Revenue Recognition

State funding

The School receives funding from the State of Nevada as administered by the Nevada Department of Education based on the number of students enrolled in its schools. The State provides unrestricted funding for normal school operations. The School receives additional weighted categorical funding based on the prior year number of students. State revenue is recognized in the period as designated by the State.

Federal grants

The School has received federal grants, which are paid through the Nevada Department of Education. Funds are generally received on a reimbursement basis and, accordingly, revenues related to these federal grants are recognized when qualifying expenditures have been incurred and when all other grant requirements have been met.

Other Revenue

Revenues from auxiliary services are recognized as services are provided. Other revenues are recognized as earned.

SIGNATURE PREPARATORY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1. Summary of significant accounting policies (continued)

Cash – The School considers cash equivalents to be those securities with an original maturity of three months or less.

Cash - restricted – The School considers cash held for bonds payable reserve purposes to be restricted cash, which as of June 30, 2025 totaled \$1,964,564.

Other accounts receivable – Represents a vendor overpayment, which is required to be reimbursed to the School.

Prepaid expenses and other current assets – Prepaid expenses and other current assets include payments to vendors for services applicable to future accounting periods.

Due from other governments – This account includes amounts due from other governments for grants, which are expected to be received within the subsequent year. The balance as of June 30, 2025 totaled \$154,705. All other outstanding balances between funds are reported as “due to/from other funds.”

Accounts payable and accrued liabilities – Consists of liabilities to record expenses incurred during the current fiscal year, but paid for in the subsequent fiscal year.

Due to other governments – This account includes amounts due to other governments for per-pupil funding, which are expected to be paid within the subsequent year. The balance as of June 30, 2025 totaled \$26,836.

Compensated absences – It is the School’s policy to permit employees to accumulate hours of paid time off (PTO); as of June 30, 2025 the School had recorded no PTO liability. Unused PTO of up to 5 days or 40 hours is paid out after each year ended June 30. Additional unused hours are forfeited.

Capital assets – The School's capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are listed at their estimated fair value at the date of donation. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the School to capitalize all capital assets costing more than \$5,000 with an estimated useful life of three or more years. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. All depreciable assets are depreciated using the straight-line method of depreciation over the assets’ useful lives. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated or amortized over the following estimated useful lives:

	<u>Years</u>
Equipment	5
Building and improvements	39

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents the consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources until that time. The School reflects deferred outflows of resources which are related to pensions reported in the statement of net position under the accrual basis of accounting.

SIGNATURE PREPARATORY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1. Summary of significant accounting policies (continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School reflects deferred inflows of resources which are related to pensions reported in the statement of net position under the accrual basis of accounting.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Net assets/ Fund balances – In March 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund-type definitions. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications - nonspendable, restricted, committed, assigned, and unassigned.

- Non-spendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories or prepaid items.

- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).

- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.

- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.

- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

Net position – In the government-wide statements, Net Position on the Statement of Net Position is displayed in three components:

SIGNATURE PREPARATORY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1. Summary of significant accounting policies (continued)

- Invested in Capital Assets, Net of Related Debt. This is the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.
- Restricted. The component of net position that reports the constraints placed on the use of assets by the external parties such as creditors, grantors, contributors, and/or enabling legislation.
- Unrestricted. All other net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Expenditure line items – The statements of revenues, expenditures, and changes in fund balances, as well as the statement of activities summarize current expenditure data by major program classifications pursuant to the provisions of *Financial Accounting for Local and State School Systems* as adopted by the Nevada Department of Education. Below is a brief description of these expenditure classifications.

- Regular programs consist of activities designed to provide elementary and secondary students with learning experiences to prepare them as citizens, family members, and non-vocational workers.
- Special programs consist of activities designed primarily to deal with students having special needs. The special programs include kindergarten and elementary services for the gifted and talented, mentally challenged, physically handicapped, emotionally disturbed, culturally different, learning disabled, bilingual, and special programs for other types of students.
- Support services represent all charges not readily assignable directly to a program. Student and instructional staff support as well as the overall general and administrative costs of the School are classified as support services. Also included in this line item are costs of operating, maintaining and constructing the physical facilities of the School.

Leases – The School accounts for leases under GASB Statement No. 87 Leases. A lease is determined to be an operating lease if the lease term is a year or less. A lease is a direct financing lease if the lease term exceeds 12 months.

For arrangements where the School is a lessee, a lease liability and right to use (RTU) intangible asset are recognized at the implementation date of the lease term. RTU assets represent the School’s right to use an underlying asset for the lease term and lease liabilities represent the School’s obligation to make lease payments arising from the lease. RTU assets and lease liabilities are recognized at the lease implementation date based on the estimated present value of lease payments over the lease term.

The School uses the rate implicit in the equipment lease and the incremental borrowing rate for the facility leases to calculate the present value of lease payments. The School includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the School will exercise the option. The School separates lease and nonlease components for all lease contracts unless the School determined it is not practical to allocate payments under the lease agreements to the various components, and also has not recognized RTU assets and lease liabilities for leases with terms for 12 months or less.

Advertising costs – All costs associated with advertising and promotions are expensed in the year incurred. For the year ended June 30, 2025 these expenses totaled \$155,404.

Income taxes – The School is exempt from federal income taxes as a governmental entity.

SIGNATURE PREPARATORY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

2. Compliance with Nevada revised statutes and the Nevada Administrative Code

Budgetary information – The School is required by the State of Nevada Department of Education (Department) under NRS 386.550(n) and the Nevada Administrative Code (NAC) 387.725 to adopt a tentative budget by April 15th and a final budget no later than June 8 of each year under NAC 386.370, but is not required by the Department to augment the budget during the year. Further, the School is not required under NRS 386.550 to adopt a final budget pursuant to NRS 354.598 or otherwise comply with any provisions of Chapter 354 of the NRS. In essence, augmentation of the School’s budget is neither required nor prohibited. The School augmented its budget on June 30, 2025. The original and final budgets are presented in the Budgetary Comparison schedules.

Actual Expenditures compared to Budget Appropriations

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
General Fund	\$ 10,437,599	\$ 9,618,264	\$ (819,335)
Special Revenue Funds:			
Special Education	\$ 1,507,751	\$ 1,553,068	\$ 45,317

See attached schedule of budget versus actual for detail.

3. Cash

The School maintains cash balances at two financial institutions with accounts insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2025, total uninsured cash balances totaled \$2,307,979, none of which was collateralized. The School has not suffered any losses in these accounts. The School has no policy for interest rate, credit, or custodial risk.

4. Capital assets

Capital asset activity for the year ended June 30, 2025 was as follows:

Governmental Activities:	Beginning Balance July 1	Increases	Decreases	Ending Balance June 30
Land, building and improvements	\$ 23,961,296	\$ 395,919	\$ -	\$ 24,357,215
Equipment	219,701	14,236	-	233,937
Less: accumulated depreciation	<u>(1,508,763)</u>	<u>(572,420)</u>	-	<u>(2,081,183)</u>
Governmental capital assets, net	<u>\$ 22,672,234</u>	<u>\$ (162,265)</u>	<u>\$ -</u>	<u>\$ 22,509,969</u>

Undistributed depreciation expense was \$572,420 for the year ended June 30, 2025.

SIGNATURE PREPARATORY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

5. Right to use leases

In June 2024, the School entered into a lease agreement to lease eight copiers for their campus. The lease commenced in July 2024 and expires in September 2029. Monthly payments are \$2,546 with no expected increases.

The RTU assets being amortized are recorded as buildings and equipment as of June 30, 2025 noted below:

	Beginning Balance July 1	Increases	Decreases	Ending Balance June 30
Equipment	\$ -	\$ 142,827	\$ -	\$ 142,827
Less: accumulated amortization	-	(26,401)	-	(26,401)
Right to use assets, net	<u>\$ -</u>	<u>\$ 116,426</u>	<u>\$ -</u>	<u>\$ 116,426</u>

The School recognized a RTU Lease Liability on the lease commencement dates. Through the discounting of the remaining lease payments as of June 30, 2025 the RTU lease liability totaled \$118,961. The School paid lease payments of \$28,955 for the year ended June 30, 2025.

Future minimum lease payments are as follows:

<u>Years Ending June 30,</u>	Amount
2026	\$30,552
2027	30,552
2028	30,552
2029	30,552
2030	<u>7,639</u>
Total minimum lease payments	129,847
Less: amount representing interest	<u>(10,886)</u>
Present value of minimum lease payments	<u>\$ 118,961</u>

6. Loan payable

On January 3, 2024, the Organization entered into a finance agreement for vehicles with a financial institution totaling \$43,100. The loan is payable in 84 monthly payments of \$753, including principal and interest at 11.49%. As of June 30, 2025 the loan balance totaled \$36,859.

Required principal payments are as follows for the year ended June 30, 2025:

2026	\$ 5,058
2027	5,671
2028	6,358
2029	7,128
2030	7,991
Thereafter	<u>4,653</u>
	36,859
Less: current portion	<u>(5,058)</u>
Long-term portion	<u>\$ 31,801</u>

SIGNATURE PREPARATORY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

7. Bonds payable

In October 2021, the School entered into an education revenue bond issue, issued by the Public Finance Authority to finance the purchase of the School's building and campus facilities. The bonds are secured by a loan agreement dated October 1, 2021 and a deed of trust on the School's campus.

Payments commence on November 1, 2021 and are paid to the trustee and placed in a restricted fund until bond interest and principal payments are due. Interest payments are paid semi-annually on December 15th and June 15th and principal payments are made annually on June 15th beginning in June 2024.

Series	Date Issued	Cusip	Maturity	Amount	Int Rate
A-1	October 14, 2021	74442EHA1	June 15,2031	\$ 1,440,000	5.00%
A-2	October 14, 2021	74442EHB9	June 15,2041	\$ 5,945,000	5.00%
A-3	October 14, 2021	74442EHC7	June 15,2051	\$ 9,685,000	5.00%
A-4	October 14, 2021	74442EHD5	June 15,2056	\$ 6,930,000	5.00%
B-1	October 14, 2021	74442EHE3	June 15,2028	\$ 1,600,000	5.375%
				<u>\$ 25,600,000</u>	

Principal payments commence in 2024. The initial 5 year principal payment schedule is as follows:

<u>Year</u>	<u>Principal</u>
2026	\$ 350,000
2027	370,000
2028	385,000
2029	410,000
2030	430,000
Thereafter	<u>23,010,000</u>
	\$ 24,955,000

The bonds issuance included premiums of \$1,930,731, which amortizes over the 35 year payment period of the bonds payable through 2056. The unamortized balance totaled \$1,722,379 as of June 30, 2025.

The bonds issuance included discounts of \$234,684, which amortizes over the 35 year payment period of the bonds payable through 2056. The unamortized balance totaled \$209,359 as of June 30, 2025.

8. Charter School Management Agreement

The School entered into a Charter School Services and Support Agreement with Charter One NV, LLC (the Management Company), effective July 1, 2023. The Management Company was to provide management and administrative services to the School. Services include, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of books and records, bookkeeping, budgeting and financial reporting. Under the terms of the management agreement, the School agrees to pay a fee of \$760 per full time equivalent (FTE) student per year. The School had \$736,157 in expenses for these services during the year ended June 30, 2025.

9. Defined benefit pension plan

Summary of Significant Accounting and Reporting Policies

The Schedule of Employer Allocations and Schedule of Pension Amounts by Employer (the Schedules) are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). The Schedules present amounts that are elements of the financial statements of Public Employees'

SIGNATURE PREPARATORY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

9. Defined benefit pension plan (continued)

Retirement System of Nevada (PERS or System) or its participating employers. Accordingly, they do not purport to be a complete presentation of the net position or changes in net position of PERS or its participating employers. The deferred outflows do not include employer contributions subsequent to the measurement date, which should be determined individually by each employer, if applicable.

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense, information about the fiduciary net position of the System and additions to / deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The preparation of the Schedules in accordance with GAAP requires management to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

Basis of Accounting

Employers participating in the PERS cost-sharing, multiple-employer, defined benefit plan (Plan) are required to report pension information in their financial statements, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. The Schedule of Employer Allocations and Schedule of Pension Amounts by Employer provide employers with the required information for financial reporting.

Contributions for employer pay dates that fall within PERS' year ended June 30, 2024, are used as the basis for determining each employer's proportionate share of the collective contribution amounts reported in the Schedule of Employer Allocations.

The total pension liability is calculated by PERS' actuary. The plan's fiduciary net position is reported in PERS' financial statements and the net pension liability is disclosed in PERS' notes to the financial statements.

Plan Description

The School contributes to the Public Employees' Retirement System of the State of Nevada (PERS) (System). PERS administers a cost-sharing, multiple-employer, defined benefit pension plan. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earning capacities have been removed or substantially impaired by age or disability.

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any thirty-six consecutive months with special provisions for members entering the System on or after January 1, 2010, and July 1, 2015. Benefit Payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this service time factor is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% service time factor and for regular members entering the System on or after July 1, 2015, there is a 2.25% service time factor. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death. Post-retirement increases are provided by authority of NRS 286.575 - .579.

SIGNATURE PREPARATORY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

9. Defined benefit pension plan (continued)

Vesting

Regular members entering the System prior to January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, or age 62 with 10 years of service, or any age with 30 years of service. Regular members who entered the System on or after July 1, 2015, are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or any age with 33 1/3 years of service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Members become fully vested as to benefits upon completion of five years of service.

Employer Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. One plan, provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. Under the matching Employee/Employer Contribution plan, a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the System are canceled upon withdrawal of contributions from the member's account. If EPC was elected, the member cannot convert to the Employee/Employer Contribution plan and cannot withdraw these contributions.

The System's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

Although the System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis, contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuarial funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and results in a relatively level long-term contribution requirement as a percentage of salary. For the fiscal year ended June 30, 2024, the Statutory Employer/Employee matching rate was 17.50% for Regular employees. The Employer-pay contribution (EPC) rate was 33.50% for Regular employers.

The School's contributions were \$706,707 for the year-ended June 30, 2024.

Investment Policy

The System's policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

SIGNATURE PREPARATORY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

9. Defined benefit pension plan (continued)

The following was the PERS Board adopted policy target asset allocation as of June 30, 2024:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return
U.S. stocks	34%	5.50%
International stocks	14%	5.50%
U.S. bonds	28%	2.25%
Private markets	12%	6.65%
Short-term investments	12%	0.50%
Total	100%	

As of June 30, 2024, PERS' long-term inflation assumption was 2.50%.

Net Pension Liability

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their employer contributions relative to the total employer contributions for all employers for the year ended June 30, 2024. At July 1, 2024, the School's proportion was 0.04914%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the School as of June 30, 2024, using the discount rate of rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower at 6.25% and 1 percentage point higher at 8.25% than the current discount rate:

	1% Decrease in Discount Rate 6.25%	Discount Rate 7.25%	1% Increase in Discount Rate 8.25%
Net Pension Liability	\$ 14,134,223	\$ 8,879,282	\$ 4,379,640

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the PERS Annual Comprehensive Financial Report, available on the PERS website.

Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of this date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.50%
Productivity Pay Increase	0.50%
Projected Salary Increases Regular:	4.20% to 9.10%, depending on service Rates include inflation and productivity increases
Investment Rate of Return	7.25%
Other Assumptions	Same as those used in the June 30, 2024, funding actuarial valuation.

SIGNATURE PREPARATORY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

9. Defined benefit pension plan (continued)

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of the experience study covering the period from July 1, 2016 through June 30, 2020.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2024.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2024 (Measurement Date), the School recognized pension expense of \$2,065,101. As of June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,883,708	\$ -
Net difference between projected and actual earnings on pension plan investments	-	874,724
Changes of assumptions	572,947	-
Changes in proportion	1,952,462	-
School contributions subsequent to the measurement date	1,090,666	-
Total	<u>\$ 5,499,783</u>	<u>\$ 874,724</u>

The \$1,090,666 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) is 5.64 years.

Collective deferred outflows/(inflows) of resources related to pension will be recognized as follows:

Year	Amount
2026	\$ 903,573
2027	903,573
2028	754,622
2029	569,249
2030	298,370
2031	105,006
	<u>\$ 3,534,393</u>

SIGNATURE PREPARATORY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

9. Defined benefit pension plan (continued)

Reconciliation of Net Pension Liability

	Amount
Beginning Net Pension Liability	\$ 8,418,988
Pension Expense	2,065,101
Employer Contributions	(706,708)
Change in Deferred Outflows	(102,177)
Change in Deferred Inflows	(795,922)
	<hr/>
Ending Net Pension Liability	\$ 8,879,282

Additional information is located in the PERS Comprehensive Annual Financial Report (CAFR), available on the PERS' website at www.nvpers.org under Quick Links - Publications. The report may also be obtained by calling 775-687-4200.

10. Compliance with Nevada revised statutes and Nevada Administrative code

The School conformed to all significant statutory constraints on the financial administration during the fiscal year.

11. Economic concentrations and other factors

Future economic and other factors may adversely affect the School's revenues and expenses. Among the factors that could have such adverse effects are: decreases in the number of students seeking to attend the School at optimum levels for each grade level; decreases in the level of payments from the State of Nevada or other student enrollment-based funding by the federal government; decline in the ability of the School and its management to provide education desired and accepted by the population served; competition from other educational institutions, private schools, and public schools.

12. Subsequent events

The School has evaluated subsequent events through November 19, 2025, the date of the audit report.

SIGNATURE PREPARATORY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Revenue-State Sources	\$ 10,045,032	\$ 9,331,862	\$ 9,331,549	\$ (313)
Revenue from Local Sources	230,252	352,195	344,023	(8,172)
Revenue from Federal Sources	752,461	895,169	899,593	4,424
Other Income	-	-	15,904	15,904
TOTAL REVENUES	<u>11,027,745</u>	<u>10,579,226</u>	<u>10,591,069</u>	<u>11,843</u>
EXPENDITURES				
Personnel Services	5,649,113	5,373,463	5,366,303	7,160
Purchased Services	694,496	1,260,413	1,208,610	51,803
Supplies	434,262	426,152	387,541	38,611
Operating services	1,165,231	1,312,200	1,461,300	(149,100)
Debt service	2,219,314	1,246,036	2,013,845	(767,809)
TOTAL EXPENDITURES	<u>10,162,416</u>	<u>9,618,264</u>	<u>10,437,599</u>	<u>(819,335)</u>
TOTAL REVENUES OVER EXPENDITURES	<u>865,329</u>	<u>960,962</u>	<u>153,470</u>	<u>(807,492)</u>
FUND BALANCE, beginning of year			<u>4,850,310</u>	
FUND BALANCE, end of year			<u>\$ 5,003,780</u>	

See accompanying notes to the required supplementary information

SIGNATURE PREPARATORY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL EDUCATION REVENUE FUND (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Revenue-State Sources	\$ 451,252	\$ 451,252	\$ -
Revenue-Local Sources	290,704	290,704	-
TOTAL REVENUES	<u>741,956</u>	<u>741,956</u>	<u>-</u>
EXPENDITURES			
Personnel Services	880,875	808,852	72,023
Purchased Services	658,642	686,401	(27,759)
Supplies	12,413	12,498	(85)
Other	1,138	-	1,138
TOTAL EXPENDITURES	<u>1,553,068</u>	<u>1,507,751</u>	<u>45,317</u>
TOTAL EXPENDITURES OVER REVENUES	<u>\$ (811,112)</u>	<u>\$ (765,795)</u>	<u>\$ 45,317</u>

See accompanying notes to the required supplementary information

SIGNATURE PREPARATORY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA
LAST 10 FISCAL YEARS*

	2025	2024	2023	2022	2021
School's proportion of the net pension liability (asset)	0.04914%	0.04612%	0.04395%	0.03843%	0.03849%
School's proportionate share of the net pension liability (asset)	\$ 8,879,282	\$ 8,418,988	\$ 7,935,778	\$ 3,504,910	\$ 4,525,335
School's covered-employee payroll	\$ 4,598,751	\$ 4,139,995	\$ 3,538,486	\$ 3,289,342	\$ 2,722,964
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	193.080%	203.357%	224.270%	106.554%	166.192%
Plan fiduciary net position as a percentage of the total pension liability	78.1058%	76.1612%	75.1203%	86.5055%	77.04%

*The amounts presented for each fiscal year were determined as of 7/1.

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10 year trend is compiled, SP will present information for those years for which information is available.

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS TO THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA
LAST 10 FISCAL YEARS*

	2025	2024	2023	2022	2021	2020
Contractually required contribution	\$ 1,090,666	\$ 982,887	\$ 794,111	\$ 673,342	\$ 576,780	\$ 454,553
Contributions in relation to the contractually required contribution	(1,090,666)	(982,887)	(794,111)	(673,342)	(576,780)	(454,553)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered-employee payroll	\$ 4,598,751	\$ 4,139,995	\$ 3,538,486	\$ 3,289,342	\$ 2,722,964	\$ 2,312,459
Contributions as a percentage of covered-employee payroll	23.71657%	23.74126%	22.44211%	20.47042%	21.18206%	19.65669%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10 year trend is compiled, SP will present information for those years for which information is available.

SIGNATURE PREPARATORY
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through Nevada Department of Education			
National School Lunch Program	10.555	N/A	\$ 331,410
Total U.S. Department of Agriculture			<u>331,410</u>
U.S. Department of Health and Human Services			
Passed through Nevada Department of Education			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	94.243	N/A	35,840
Advancing Wellness and Resiliency in Education	94.243	SPCSA	\$ 112,720
Total U.S. Department of Agriculture			<u>148,560</u>
U.S. Department of Education			
Passed through Nevada Department of Education			
Title I, Part A - Grants to Local Education Agencies	84.010	N/A	210,060
Title I, Part A - Grants to Local Education Agencies	84.010	SPCSA	22,156
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	83.367	SPCSA	53,296
Special Education Grants to States	84.027	N/A	3,083
Special Education Grants to States	84.027	SPCSA	140,949
Education Stabilization Fund	84.425	SPCSA	7,947
Total U.S. Department of Education			<u>437,491</u>
U.S. Department of the Treasury			
Passed through Nevada Department of Education			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	55,575
Total Expenditures of Federal Awards			<u><u>\$ 973,036</u></u>

SIGNATURE PREPARATORY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025

1. Basis of Presentation

The accompanying Schedules of Expenditures of Federal Awards ("SEFA") includes the federal grant award activity of Signature Preparatory, under programs of the federal government for the year ended June 30, 2025 in accordance with the requirements of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. These expenditures reported in the SEFA follow the cost principles contained in the Uniform Guidance. The cost principles indicate the certain types of expenditures are not allowable and certain allowable costs are limited as to reimbursement. Signature Preparatory has elected to use the 15 percent de minimus indirect cost rate as allowed under Uniform Guidance for certain grants.

3. Pass-Through Awards

Signature Preparatory received certain federal financial assistance from pass-through awards of the pass-through entities listed on the SEFA. There were no passed through awards to subrecipients.



WATKINS JACKSON CPAs

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 Trustees
Signature Preparatory
Henderson, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Signature Preparatory (the School), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Signature Preparatory's basic financial statements, and have issued our report thereon dated November 19, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing the 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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Watkins Jackson CPAs
November 19, 2025
Las Vegas, Nevada

702-326-6424 * 5550 Painted Mirage Road, Suite 320, Las Vegas NV 89149 * www.wjcpas.net



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE*

To the Board of Trustees
Signature Preparatory
Henderson, Nevada

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Signature Preparatory's 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 Signature Preparatory's major federal programs for the year ended June 30, 2024. Signature Preparatory'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, Signature Preparatory complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Signature Preparatory 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 Signature Preparatory'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 Signature Preparatory's federal 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 Signature Preparatory's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Signature Preparatory's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Signature Preparatory'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 Signature Preparatory'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 Signature Preparatory'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, 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.



Watkins Jackson CPAs
November 19, 2025
Las Vegas, Nevada

SIGNATURE PREPARATORY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weakness(es)?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with <i>Uniform Guidance</i> ?	No
Identification of major programs:	CFDA #84.010
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes
Section II - Financial Statement Findings	None
Section III - Federal Award Findings and Questioned Costs	None

SIGNATURE PREPARATORY
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

None noted.