WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

The O'Farrell Charter Schools

Charters #0048, #1719

Financial Statements
June 30, 2025

https://whkcpa.com

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WILKINSON HADLEY KING & CO. LLP
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Independent Auditor's Report

To the Board of Directors
The O'Farrell Charter Schools

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The O'Farrell Charter Schools (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 O'Farrell Charter Schools 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 O'Farrell Charter Schools 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.

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 O'Farrell Charter Schools' 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 O'Farrell Charter Schools' 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 O'Farrell Charter Schools' 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 O'Farrell Charter Schools' 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 *2024-25Guide 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 and additional accompanying 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 23, 2026 on our consideration of The O'Farrell Charter Schools' 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 O'Farrell Charter Schools' 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 O'Farrell Charter Schools' internal control over financial reporting and compliance.

El Cajon, California
January 23, 2026

Financial Statements

The O'Farrell Charter Schools
Statement of Financial Position
June 30, 2025

Assets	
Cash and cash equivalents	$ 44,474,221
Accounts receivable	3,026,406
Prepaid expenses	698,383
Security deposits	1,367
Property and equipment, net	5,788,576
Right-of-use assets, operating leases	
Facilities and equipment	133,157
Accumulated amortization	(49,431)
Accrued rent	(1,117)
Total Assets	$ 54,071,562
Liabilities and Net Assets	
Liabilities	
Accounts payable - vendors	$ 1,196,875
Accounts payable - grantor government	299,342
Accrued payroll liability	2,771,971
Unearned revenue	5,142,401
Accrued vacation liability	30,254
Operating leases payable	83,726
Total Liabilities	9,524,569
Net Assets	
Without donor restrictions	
Undesignated	38,758,417
Invested in property and equipment, net of related debt	5,788,576
	44,546,993
With donor restrictions	-
Total Net Assets	44,546,993
Total Liabilities and Net Assets	$ 54,071,562

The accompanying notes are an integral part of this statement.

The O'Farrell Charter Schools
Statement of Activities
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Local Control Funding Formula (LCFF) sources			
State aid	$ 6,201,425	$ -	$ 6,201,425
Education protection account state aid	388,950	-	388,950
Transfers in lieu of property taxes	19,172,162	-	19,172,162
Total LCFF sources	25,762,537	-	25,762,537
Federal contracts and grants	-	1,448,892	1,448,892
F-941 refund	-	457	457
State contracts and grants	614,811	5,744,326	6,359,137
Local contracts and grants	60,252	-	60,252
Donations and fundraising	87,683	-	87,683
Interest income and FMV adjustment	1,837,662	-	1,837,662
Net assets released from restriction -			
Grant restrictions satisfied	7,193,675	(7,193,675)	-
Total revenue, support, and gains	35,556,620	-	35,556,620
Expenses and Losses			
Program services expense	23,963,753	-	23,963,753
Supporting services expense	8,066,681	-	8,066,681
Total expenses and losses	32,030,434	-	32,030,434
Change in Net Assets	3,526,186	-	3,526,186
Net Assets, Beginning of Year	41,020,807	-	41,020,807
Net Assets, End of Year	$ 44,546,993	$ -	$ 44,546,993

The accompanying notes are an integral part of this statement.

The O'Farrell Charter Schools
Statement of Functional Expenses
Year Ended June 30, 2025

	Program Services	Supporting Services		
	Educational Programs	Management and General	Fundraising and Development	Total
Salaries and wages	$ 13,674,573	$ 4,072,666	$ -	$ 17,747,239
Pension expense	3,359,520	1,001,059	-	4,360,579
Other employee benefits	1,400,189	417,415	-	1,817,604
Payroll taxes	394,157	117,447	-	511,604
Fees for services:				
Management	-	403,705	-	403,705
Legal	-	142,788	-	142,788
Audit	-	24,469	-	24,469
Professional consulting	824,789	456,635	-	1,281,424
District oversight	-	749,701	-	749,701
Banking and service charges	-	134,903	-	134,903
Advertising and promotion	-	260,805	-	260,805
Office expenses	308,929	-	-	308,929
Information technology	96,295	-	-	96,295
Occupancy	1,078,065	-	-	1,078,065
Travel	145,941	-	-	145,941
Debt service interest	2,498	-		2,498
Depreciation	417,281	-	-	417,281
Amortization	39,695	-	-	39,695
Insurance	-	118,302	-	118,302
Other expenses:				
Books and supplies	987,366	-	-	987,366
Noncapitalized equipment	323,438	-	-	323,438
Equipment rental and repair	232,992	-	-	232,992
Special education encroachment	268,831	-	-	268,831
Student events	409,194	-	-	409,194
Dues and memberships	-	49,858	-	49,858
Miscellaneous	-	55,968	60,960	116,928
Total expenses by function	$ 23,963,753	$ 8,005,721	60,960	$ 32,030,434

The accompanying notes are an integral part of this statement.

The O'Farrell Charter Schools
Statement of Cash Flows
Year Ended June 30, 2025

Cash Flows from Operating Activities	
Receipts from federal, state, and local contracts and grants	$ 13,256,870
Receipts from property taxes	19,172,162
Receipts from interest and FMV adjustments	1,837,662
Other cash receipts	87,683
Payments for salaries, benefits and payroll taxes	(23,388,403)
Payments to vendors	(7,193,909)
Net Cash Provided By Operating Activities	3,772,065
Cash Flows from Investing Activities	
Purchases of property and equipment	(586,210)
Net Cash Used In Investing Activities	(586,210)
Net Change in Cash and Cash Equivalents	3,185,855
Cash and Cash Equivalents, Beginning of Year	41,288,366
Cash and Cash Equivalents, End of Year	$ 44,474,221
Reconciliation of Change in Net Assets to Net Cash Provided By Operating Activities	
Change in net assets	$ 3,526,186
Adjustments to reconcile change in net assets to net cash:	
Depreciation	417,281
Amortization	39,695
Changes in operating assets and liabilities	
(Increase) Decrease in assets	
Accounts receivable	422,587
Prepaid expenses	(272,635)
Security deposits	5,000
Right-of-use assets	(107,216)
Increase (Decrease) in liabilities	
Accounts payable - vendors	248,815
Accounts payable - grantor government	86,868
Accrued payroll liability	1,139,612
Accrued vacation liability	(90,989)
Unearned revenue	(1,711,698)
Operating leases payable	68,559
Net Cash Provided By Operating Activities	$ 3,772,065

The accompanying notes are an integral part of this statement.

A. Principal Activity and Summary of Significant Accounting Policies

Organization

The O'Farrell Charter School

The O'Farrell Charter School (part of the Organization) was formed on January 1994 as a charter school pursuant to California Education Code §47600 under a charter agreement with San Diego Unified School District (the District). The School became a nonprofit public benefit corporation on July 1, 2010. The School is a classroom-based instruction program offered to students in grades TK-12. The O'Farrell Charter School is a tuition-free, community-oriented institution dedicated to fostering high academic standards, ensuring social and emotional growth, and maintaining a safe and secure learning environment for all of its students.

Ingenuity Charter School

Ingenuity Charter School (part of the Organization) was formed on March 12, 2015, as a charter school pursuant to California Education Code §47600 under a charter agreement with San Diego Unified School District (the District). The School is part of The O'Farrell Charter Schools nonprofit public benefit corporation. The School is a non-classroom based independent study instruction program offered to students in grades 6-12. Ingenuity Charter School provides a personalized academic plan based on a student's learning style, academic need, and personal educational goals. Ingenuity Charter School offers a variety of online course options, small group workshops, hands on learning experiences, one-on-one tutoring, post high school planning, and service learning projects to ensure each student has a well-balanced academic program.

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 Organization 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 Organization 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 Organization 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 Organization.

Property and Equipment

The Organization 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 Organization 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 Organization'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 Organization'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 Organization leases facilities and equipment which are utilized in its charitable purpose. The Organization 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 Organization has lease agreements with lease and non-lease components, which are generally accounted for separately. The Organization 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 Organization considers factors such as whether they have obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization 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 Organization 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.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. Accumulated sick leave benefits are not recognized as liabilities of the Organization. The Organization'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 Organization's program services, administrating, 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 Organization 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.

Revenue and Revenue Recognition

The Organization 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 Organization records the funds as unearned revenue.

After the Organization 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 Organization's mission but are not considered performance-related barriers. Restricted resources are released from their restriction once the restricted purpose has been satisfied.

The Organization 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 Organization's average daily attendance (ADA) of students and recognized in the period the ADA occurs. In addition, the Organization 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 Organization'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 72.45% of the Organization's revenue.

The LCFF includes the following components applicable to the Organization:

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 Organization 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.

Income Taxes

The Organization is a 509(a)(1) publicly supported non-profit Organization that is exempt from income taxes under Sections 501(a) and 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from California franchise or income tax under Section 23701d of the California Revenue and Taxation Code. The Organization 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 Organization follows provisions of uncertain tax positions as addressed in ASC 958. The Organization 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 Organization 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 $260,805 during the year ended June 30, 2025.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization 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 Organization 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 Organization 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 - *Financial Services Insurance (Topic 944)*	Aug-18
FASB Accounting Standards Update 2019-09 - *Financial Services, Insurance (Topic 944)*	Nov-19
FASB Accounting Standards Update 2020-06 - *Debt (Topic 470-20)*	Aug-20
FASB Accounting Standards Update 2020-06 - *Derivatives and Hedging (Topic 815-40)*	Aug-20
FASB Accounting Standards Update 2021-08 - *Business Combinations (Topic 805)*	Oct-21
FASB Accounting Standards Update 2022-01 - *Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method*	Mar-22
FASB Accounting Standards Update 2023-01 - *Leases (Topic 842): Common Control Arrangements*	Mar-23
FASB Accounting Standards Update 2023-05 - *Business Combinations - Joint Venture Formations (Subtopic 805-60)*	Aug-23
FASB Accounting Standards Update 2023-07 - *Segment Reporting (Topic 280)*	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 Organization 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 Organization has evaluated events and transactions for potential recognition or disclosure through January 23, 2026, the date the financial statements were available to be issued.

B. Liquidity and Availability

The Organization'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:

	The O'Farrell Charter School	Ingenuity Charter School	Total
Cash and cash equivalents	$ 38,786,125	$ 5,688,096	$ 44,474,221
Accounts receivable	2,607,338	419,068	3,026,406
Total	$ 41,393,463	$ 6,107,164	$ 47,500,627

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

C. Fair Value Measurements and Disclosures

The Organization 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 Organization 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 Organization'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:

Assets	Total	Quoted Prices in Active Markets for Identical (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External investment pools measured at fair value				
Cash in county treasury	$ 33,355,320	$ -	$ 33,355,320	$ -
Total investments by fair value level	$ 33,355,320	$ -	$ 33,355,320	$ -

D. Cash and Investments

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

	The O'Farrell Charter School	Ingenuity Charter School	Total
Cash in county treasury	$ 27,654,034	$ 5,685,384	$ 33,339,418
Fair market value adjustment	13,190	2,712	15,902
Cash in bank accounts	11,118,901	-	11,118,901
Total cash and cash equivalents	$ 38,786,125	$ 5,688,096	$ 44,474,221

Cash in County Treasury

The Organization 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 ($33,339,418 as of June 30, 2025). 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 Organization's investment in this pool ($33,355,320 as of June 30, 2025) is reported in the accompanying financial statements at amounts based upon the School'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 Organization's cash in bank ($11,118,901 as of June 30, 2025) is held in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000 per depositor. As of June 30, 2025, the Organization held $11,033,394 in excess of the FDIC insured amounts. The Organization reduces its exposure to risk by maintaining such deposits with high quality financial institutions. The Organization has not experienced any losses in such accounts and believe it is not exposed to any significant credit risk.

E. Accounts Receivable

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

	The O'Farrell Charter School	Ingenuity Charter School	Total
Federal Government			
Special Education	$ 294,767	$ 31,739	$ 326,506
21st Century Assets	60,444	-	60,444
Title II	15,389	-	15,389
ESSA School Improvement (CSI)	-	6,968	6,968
Other Federal Programs	929	7,672	8,601
State Government			
State Aid	254,518	73,265	327,783
Lottery Funding	124,584	15,128	139,712
After School Education and Safety	68,726	-	68,726
CalShape	62,130	-	62,130
Special Education	126,198	16,195	142,393
Kitchen Shared Utilities	60,029	-	60,029
Mental Health	13,237	1,827	15,064
Local Government			
Property Tax Payments	1,368,922	193,679	1,562,601
Other Local Sources			
Interest	150,488	54,653	205,141
Other Local Sources	6,977	17,942	24,919
Total Accounts Receivable	$ 2,607,338	$ 419,068	$ 3,026,406

F. Prepaid Expenses

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

	The O'Farrell Charter School	Ingenuity Charter School	Total
Software	$ 182,604	$ 121,606	$ 304,210
Health and Insurance	302,815	40,832	343,647
Other Prepaid Expenses	42,841	7,685	50,526
Total Prepaid Expenses	$ 528,260	$ 170,123	$ 698,383

G. Property and Equipment

Property and equipment for The O'Farrell Charter School consisted of the following at June 30, 2025:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Capital Assets				
Work in Progress	$ -	$ 8,608	$ -	$ 8,608
Total Non-Depreciable Capital Assets	-	8,608	-	8,608
Depreciable Capital Assets				
Buildings and Improvements	7,487,385	512,767	-	8,000,152
Equipment, Furniture, and Fixtures	920,811	64,835	-	985,646
Total Depreciable Capital Assets	8,408,196	577,602	-	8,985,798
Total Capital Assets	8,408,196	586,210	-	8,994,406
Less Accumulated Depreciation	(2,808,134)	(414,929)	-	(3,223,063)
Capital Assets, Net	$ 5,600,062	$ 171,281	$ -	$ 5,771,343

Property and equipment for Ingenuity Charter School consisted of the following at June 30, 2025:

	Beginning Balance	Additions	Deletions	Ending Balance
Depreciable Capital Assets				
Buildings and Improvements	$ 60,128	$ -	$ -	$ 60,128
Equipment, Furniture, and Fixtures	65,331	-	-	65,331
Total Depreciable Capital Assets	125,459	-	-	125,459
Total Capital Assets	125,459	-	-	125,459
Less Accumulated Depreciation	(105,874)	(2,352)	-	(108,226)
Capital Assets, Net	$ 19,585	$ (2,352)	$ -	$ 17,233

Consolidated property and equipment consisted of the following at June 30, 2025:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Capital Assets				
Work in Progress	$ -	$ 8,608	$ -	$ 8,608
Total Non-Depreciable Capital Assets	-	8,608	-	8,608
Depreciable Capital Assets				
Buildings and Improvements	7,547,513	512,767	-	8,060,280
Equipment, Furniture, and Fixtures	986,142	64,835	-	1,050,977
Total Depreciable Capital Assets	8,533,655	577,602	-	9,111,257
Total Capital Assets	8,533,655	586,210	-	9,119,865
Less Accumulated Depreciation	(2,914,008)	(417,281)	-	(3,331,289)
Capital Assets, Net	$ 5,619,647	$ 168,929	$ -	$ 5,788,576

H. Unearned Revenue

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

	The O'Farrell Charter School	Ingenuity Charter School
Federal		
Title I	$ 304,266	$ 47,122
ESSA School Improvement	-	118,030
State		
A-G Access/Success	243,161	73,050
A-G Learning Loss	68,431	71,592
Expanded Learning Opportunities Grant	-	91,532
ELO-P	390,028	-
Learning Recovery Emergency Block Grant	1,630,312	335,991
Educator Effectiveness	91,219	30,157
Universal Pre-K	14,852	-
Arts, Music, and Instructional Materials	1,106,658	122,362
Prop 28	316,978	58,479
Other State	22,735	5,446
Total Unearned Revenue	$ 4,188,640	$ 953,761

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

	The O'Farrell Charter School	Ingenuity Charter School
Unearned Revenue, beginning of period	$ 5,977,536	$ 876,563
Increases in unearned revenue due to cash received during the period	2,322,466	301,940
Decreases in unearned revenue due to performance obligations met during the period	(4,111,362)	(224,742)
Unearned Revenue, end of period	$ 4,188,640	$ 953,761

I. Leases

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

	The O'Farrell Charter School	Ingenuity Charter School	Total
Operating lease cost			
Amortization of right-of-use assets	$ 5,167	$ 34,528	$ 39,695
Interest on lease liabilities	282	4,697	4,979
Total operating lease cost	5,449	39,225	44,674
Short-term lease cost	3,465	6,242	9,707
Total lease expense	$ 8,914	$ 45,467	$ 54,381

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

	The O'Farrell Charter School	Ingenuity Charter School	Total
Right-of-use assets obtained in exchange for lease obligations:			
Operating leases	$ 19,556	$ 113,601	$ 133,157
Total	$ 19,556	$ 113,601	$ 133,157
Weighted average remaining lease term:			
Operating leases	10 Months	24 Months	23 Months
Weighted average discount rate:			
Operating leases	4%	4%	4%

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

Year Ended June 30,	The O'Farrell Charter School Operating Leases	Ingenuity Charter School Operating Leases	Total Operating Leases
2026	$ 4,727	$ 42,035	$ 46,762
2027	-	39,443	39,443
2028	-	1,732	1,732
Total future minimum lease payments	4,727	83,210	87,937
Less imputed interest	(74)	(4,137)	(4,211)
Net future minimum lease payments	$ 4,653	$ 79,073	$ 83,726

J. 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 Organization chooses to stop participating in some of its multi-employer plans, the Organization may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Organization'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 2025, 2024 and 2023 is for the plan's year-end at June 30, 2025, 2024 and 2023, 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.

Period to Period Comparability:

The Organization's schools decreased in CalSTRS contributions from 2023 to 2024 by 32.88% followed by an increase in 2025 of 60.95%. The Organization's schools increased in CalPERS contributions from 2023 to 2024 by 12.41% followed by an increase in 2025 of 7.61%.

		Pension Protection Act Zone Status Year Ended June 30,			FIP/RP Status Pending/
Pension Fund	EIN/ Pension Plan Number	2025	2024	2023	Implemented
CalSTRS	37130	Green	Green	Green	No
CalPERS	735457882	Green	Yellow	Yellow	No

	Contributions			Number of	Surcharge
Pension Fund	2025	2024	2023	Employees	Imposed
CalSTRS	$ 3,466,461	$ 2,153,699	$3,208,737	153	No
CalPERS	894,117	830,917	739,208	86	No
Total	$ 4,360,578	$ 2,984,616	$3,947,945	239	

CalSTRS:

The Organization 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 Organization made contributions as noted above. For the year ended June 30, 2025 the State contributed $1,005,295 (10.828% of certificated salaries) on behalf of the Organization.

CalPERS:

The Organization 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 2024-25was 27.05% of classified salaries. The Organization made contributions as noted above.

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

Supplementary Information

The O'Farrell Charter Schools
Combining Statement of Financial Position
June 30, 2025

	The O'Farrell Charter School	Ingenuity Charter School	Elimination	Total
Assets				
Cash and cash equivalents	$ 38,786,125	$ 5,688,096	$ -	$ 44,474,221
Accounts receivable	2,607,338	419,068	-	3,026,406
Accounts receivable - related entities	1,481,450	-	(1,481,450)	-
Prepaid expenses	528,260	170,123	-	698,383
Security deposits	1,367	-	-	1,367
Property and equipment, net	5,771,343	17,233	-	5,788,576
Right-of-use assets, operating leases				
Facilities and equipment	19,556	113,601	-	133,157
Accumulated amortization	(14,903)	(34,528)	-	(49,431)
Accrued rent	-	(1,117)	-	(1,117)
Total Assets	$ 49,180,536	$ 6,372,476	$ (1,481,450)	$ 54,071,562
Liabilities and Net Assets				
Liabilities				
Accounts payable - vendors	$ 1,155,264	$ 41,611	$ -	$ 1,196,875
Accounts payable - grantor government	59,364	239,978	-	299,342
Accounts payable - related entities	-	1,481,450	(1,481,450)	-
Accrued payroll liabilities	2,771,971	-	-	2,771,971
Unearned revenue	4,188,640	953,761	-	5,142,401
Accrued vacation liability	29,744	510	-	30,254
Operating leases payable	4,653	79,073	-	83,726
Total Liabilities	8,209,636	2,796,383	(1,481,450)	9,524,569
Net Assets				
Without donor restrictions				
Undesignated	35,199,557	3,558,860	-	38,758,417
Invested in property and equipment, net of related debt	5,771,343	17,233	-	5,788,576
	40,970,900	3,576,093	-	44,546,993
With donor restrictions	-	-	-	-
Total Net Assets	40,970,900	3,576,093	-	44,546,993
Total Liabilities and Net Assets	$ 49,180,536	$ 6,372,476	$ (1,481,450)	$ 54,071,562

See Accompanying Notes to Supplementary Information

The O'Farrell Charter Schools
Combining Statement of Activities
Year Ended June 30, 2025

	The O'Farrell Charter School		Ingenuity Charter School		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains					
Local Control Funding Formula (LCFF) sources					
State aid	$ 5,599,237	$ -	$ 602,188	$ -	$ 6,201,425
Education protection account state aid	354,092	-	34,858	-	388,950
Transfers in lieu of property taxes	17,453,938	-	1,718,224	-	19,172,162
Total LCFF sources	23,407,267	-	2,355,270	-	25,762,537
Federal contracts and grants	-	1,255,134	-	193,758	1,448,892
F-941 refund	-	457	-	-	457
State contracts and grants	557,957	5,567,835	56,854	176,491	6,359,137
Local contracts and grants	60,252	-	-	-	60,252
Donations and fundraising	86,543	-	1,140	-	87,683
Interest income and FMV adjustment	1,421,202	-	416,460	-	1,837,662
Net assets released from restriction -					
Grant restrictions satisfied	6,823,426	(6,823,426)	370,249	(370,249)	-
Total revenue, support, and gains	32,356,647	-	3,199,973	-	35,556,620
Expenses and Losses					
Program services expense	21,926,083	-	2,037,670	-	23,963,753
Supporting services expense	7,347,779	-	718,902	-	8,066,681
Total expenses and losses	29,273,862	-	2,756,572	-	32,030,434
Change in Net Assets	3,082,785	-	443,401	-	3,526,186
Net Assets, Beginning of Year	37,888,115	-	3,132,692	-	41,020,807
Net Assets, End of Year	$ 40,970,900	$ -	$ 3,576,093	$ -	$ 44,546,993

See Accompanying Notes to Supplementary Information

The O'Farrell Charter Schools
Combining Statement of Functional Expenses
Year Ended June 30, 2025

	The O'Farrell Charter School			Ingenuity Charter School		
	Program Services	Supporting Services		Program Services	Supporting Services	
	Educational Programs	Management and General	Fundraising and Development	Educational Programs	Management and General	Combined Total
Salaries and wages	$ 12,443,671	$ 3,715,869	$ -	$ 1,230,902	$ 356,797	$ 17,747,239
Pension expense	3,114,358	929,995	-	245,162	71,064	4,360,579
Other employee benefits	1,319,892	394,140	-	80,297	23,275	1,817,604
Payroll taxes	365,072	109,016	-	29,085	8,431	511,604
Fees for services:						
Management	-	363,715	-	-	39,990	403,705
Legal	-	142,788	-	-	-	142,788
Audit	-	23,819	-	-	650	24,469
Professional consulting	791,338	409,199	-	33,451	47,436	1,281,424
District oversight	-	713,283	-	-	36,418	749,701
Banking and service charges	-	125,655	-	-	9,248	134,903
Advertising and promotion	-	172,713	-	-	88,092	260,805
Office expenses	264,897	-	-	44,032	-	308,929
Information technology	86,992	-	-	9,303	-	96,295
Occupancy	978,189	-	-	99,876	-	1,078,065
Travel	135,844	-	-	10,097	-	145,941
Debt service interest	2,498	-		-	-	2,498
Depreciation	414,929	-	-	2,352	-	417,281
Amortization	5,167	-	-	34,528	-	39,695
Insurance	-	100,557	-	-	17,745	118,302
Other expenses:						
Books and supplies	842,565	-	-	144,801	-	987,366
Noncapitalized equipment	307,721	-	-	15,717	-	323,438
Equipment rental and repair	221,206	-	-	11,786	-	232,992
Special education encroachment	258,897	-	-	9,934	-	268,831
Student events	372,847	-	-	36,347	-	409,194
Dues and memberships	-	43,951	-	-	5,907	49,858
Miscellaneous	-	42,119	60,960	-	13,849	116,928
Total expenses by function	$ 21,926,083	$ 7,286,819	60,960	$ 2,037,670	$ 718,902	$ 32,030,434

See Accompanying Notes to Supplementary Information

Additional Supplementary Information

The O'Farrell Charter Schools
Schedule of Average Daily Attendance
Year Ended June 30, 2025

The O'Farrell Charter School

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
	9AB86A5D	N/A	639BEE02	N/A
Classroom Based Attendance				
Grades TK/K-3	323.09	N/A	330.09	N/A
Grades 4-6	403.69	N/A	409.01	N/A
Grades 7-8	385.43	N/A	393.10	N/A
Grades 9-12	629.65	N/A	627.05	N/A
Total Classroom Based Attendance	1,741.86	N/A	1,759.25	N/A
Non-Classroom Based Attendance				
Grades TK/K-3	10.04	N/A	9.39	N/A
Grades 4-6	8.33	N/A	13.55	N/A
Grades 7-8	8.01	N/A	17.53	N/A
Grades 9-12	2.22	N/A	2.52	N/A
Total Non-Classroom Based Attendance	28.60	N/A	42.99	N/A
Total ADA	1,770.46	N/A	1,802.24	N/A

Ingenuity Charter School

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
	E1676DD5	N/A	DCD9558B	N/A
Non-Classroom Based Attendance				
Track A Grades 4-6	1.54	N/A	1.33	N/A
Track B Grades 4-6	-	N/A	-	N/A
Track C Grades 4-6	0.88	N/A	0.88	N/A
Total Grades 4-6	2.42	N/A	2.21	N/A
Non-Classroom Based Attendance				
Track A Grades 7-8	14.85	N/A	14.24	N/A
Track B Grades 7-8	3.35	N/A	3.32	N/A
Track C Grades 7-8	2.93	N/A	3.98	N/A
Total Grades 7-8	21.13	N/A	21.54	N/A
Non-Classroom Based Attendance				
Track A Grades 9-12	105.45	N/A	97.64	N/A
Track B Grades 9-12	6.07	N/A	5.38	N/A
Track C Grades 9-12	39.22	N/A	43.89	N/A
Total Grades 9-12	150.74	N/A	146.91	N/A
Total Non-Classroom Based Attendance	174.29	N/A	170.66	N/A
Total ADA	174.29	N/A	170.66	N/A

N/A – There were no audit findings which resulted in revision to ADA.

The O'Farrell Charter Schools
Schedule of Instructional Time
Year Ended June 30, 2025

The O'Farrell Charter School

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes*	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days*	Total Instructional Days	Status
Transitional Kindergarten	36,000	46,375	0	46,375	181	0	181	Complied
Kindergarten	36,000	62,670	0	62,670	181	0	181	Complied
1st Grade	50,400	59,955	0	59,955	181	0	181	Complied
2nd Grade	50,400	59,955	0	59,955	181	0	181	Complied
3rd Grade	50,400	59,955	0	59,955	181	0	181	Complied
4th Grade	54,000	59,955	0	59,955	181	0	181	Complied
5th Grade	54,000	59,955	0	59,955	181	0	181	Complied
6th Grade	54,000	63,845	0	63,845	181	0	181	Complied
7th Grade	54,000	63,845	0	63,845	181	0	181	Complied
8th Grade	54,000	63,845	0	63,845	181	0	181	Complied
9th Grade	64,800	65,190	0	65,190	181	0	181	Complied
10th Grade	64,800	65,190	0	65,190	181	0	181	Complied
11th Grade	64,800	65,190	0	65,190	181	0	181	Complied
12th Grade	64,800	65,190	0	65,190	181	0	181	Complied

*The O'Farrell Charter did not submit a request for a J-13A emergency waiver of instructional minutes or days.

See accompanying notes to supplementary information.

Ingenuity Charter School

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes*	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days*	Total Instructional Days	Status
Track A								
6th Grade	N/A	N/A	N/A	N/A	197	0	197	Complied
7th Grade	N/A	N/A	N/A	N/A	197	0	197	Complied
8th Grade	N/A	N/A	N/A	N/A	197	0	197	Complied
9th Grade	N/A	N/A	N/A	N/A	197	0	197	Complied
10th Grade	N/A	N/A	N/A	N/A	197	0	197	Complied
11th Grade	N/A	N/A	N/A	N/A	197	0	197	Complied
12th Grade	N/A	N/A	N/A	N/A	197	0	197	Complied
Track B								
6th Grade	N/A	N/A	N/A	N/A	186	0	186	Complied
7th Grade	N/A	N/A	N/A	N/A	186	0	186	Complied
8th Grade	N/A	N/A	N/A	N/A	186	0	186	Complied
9th Grade	N/A	N/A	N/A	N/A	186	0	186	Complied
10th Grade	N/A	N/A	N/A	N/A	186	0	186	Complied
11th Grade	N/A	N/A	N/A	N/A	186	0	186	Complied
12th Grade	N/A	N/A	N/A	N/A	186	0	186	Complied
Track C								
6th Grade	N/A	N/A	N/A	N/A	176	0	176	Complied
7th Grade	N/A	N/A	N/A	N/A	176	0	176	Complied
8th Grade	N/A	N/A	N/A	N/A	176	0	176	Complied
9th Grade	N/A	N/A	N/A	N/A	176	0	176	Complied
10th Grade	N/A	N/A	N/A	N/A	176	0	176	Complied
11th Grade	N/A	N/A	N/A	N/A	176	0	176	Complied
12th Grade	N/A	N/A	N/A	N/A	176	0	176	Complied

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

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

The O'Farrell Charter School

	Budget 2026 (See Note 1)	2025	2024 (See Note 1)	2023 (See Note 1)
Revenues	$28,485,024	$32,356,647	$30,215,569	$28,173,157
Expenses	27,673,285	29,273,862	26,963,252	24,681,415
Change in Net Assets	811,739	3,082,785	3,252,317	3,491,742
Ending Net Assets	$41,782,639	$40,970,900	$37,888,115	$34,635,798
Unrestricted Net Assets	$41,782,639	$40,970,900	$37,888,115	$34,569,674
Unrestricted net assets as a percentage of total expenses	150.99%	139.96%	140.52%	140.06%
Total Long Term Debt	$ -	$ -	$ -	$ -
ADA at P2	1,791	1,770	1,728	1,719

The School's ending net assets has increased by $6,335,102 (18.29%) over the past two fiscal years. The increase is in large due to additional funding received as a result of the COVID-19 pandemic.

Average daily attendance (ADA) has increased by 51 over the past two fiscal years.

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 School.

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.

Ingenuity Charter School

	Budget 2026 (See Note 1)	2025	2024 (See Note 1)	2023 (See Note 1)
Revenues	$ 3,851,355	$ 3,199,973	$ 2,822,445	$ 3,310,256
Expenses	3,523,216	2,756,572	2,420,572	2,641,570
Change in Net Assets	328,139	443,401	401,873	668,686
Ending Net Assets	$ 3,904,232	$ 3,576,093	$ 3,132,692	$ 2,730,819
Unrestricted Net Assets	$ 3,904,232	$ 3,576,093	$ 3,132,692	$ 2,730,819
Unrestricted net assets as a percentage of total expenses	110.81%	129.73%	129.42%	103.38%
Total Long Term Debt	$ -	$ -	$ -	$ -
ADA at P2	189	174	148	94

The School's ending net assets has increased by $845,274 (30.95%) over the past two fiscal years. The increase is in large due to additional funding received as a result of the COVID-19 pandemic.

Average daily attendance (ADA) has increased by 80 over the past two fiscal years.

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 School.

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.

The O'Farrell Charter School

June 30, 2025 annual financial alternative form net assets:	$ 40,670,117
Adjustments and reclassifications:	
Overstatement of cash and cash equivalents	(1,481,450)
Understatement of accounts receivable	1,481,450
Overstatement of accounts payable	300,785
Rounding	(2)
Total adjustments and reclassifications	300,783
June 30, 2025 audited financial statements net assets:	$ 40,970,900

Ingenuity Charter School

June 30, 2025 annual financial alternative form net assets:	$ 3,408,576
Adjustments and reclassifications:	
Understatement of cash and cash equivalents	1,481,450
Understatement of accounts receiveable	6,443
Understatement of lease assets	77,956
Understatement of accounts payable	(1,364,782)
Overstatement of unearned revenue	45,523
Understatement of lease payable	(79,073)
Total adjustments and reclassifications	167,517
June 30, 2025 audited financial statements net assets:	$ 3,576,093

A. Combining Statement of Financial Position

This schedule provides the information by subdivision which combines into the Organization's overall statement of net position, with eliminations for activities between the schools within the Organization.

B. Combining Statement of Activities

This schedule provides the information by subdivision which combines into the Organization's overall statement of activities.

C. Combining Statement of Functional Expenses

This schedule provides the information by subdivision which combines into the Organization's overall statement of functional expenses.

D. Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measure of the number of pupils attending classes of the Organization's schools. 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 for each school.

E. Schedule of Instructional Time

This schedule provides the information necessary to determine if the Organization's schools have complied with Education Code §47612 & §47612.5 which require the following:

1) EC §47612: As a condition of apportionment 175 school days must be offered for traditional calendar. If a multi-track calendar is utilized, each track must offer 175 school days.

2) EC §47612.5: As a condition of apportionment the following annual instructional minutes must be offered:

- To pupils in Kindergarten 36,000 minutes
- To pupils in grades 1 to 3 50,400 minutes
- To pupils in grades 4 to 8 54,000 minutes
- To pupils in grades 9 to 12 64,800 minutes

Compliance with Education Code §47612 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 day requirements. The Organization'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.

F. Schedule of Financial Trends and Analysis

This schedule displays summarized information from the current year and two previous years, along with budget information for the upcoming year. The information from this schedule is used to evaluate whether there are any financial indicators the Organization's schools will not be able to continue operations in the next fiscal year. Based upon the information presented, the Organization's schools appear to have sufficient reserves to continue operations for the 2025-26 fiscal year.

G. 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.

The O'Farrell Charter Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Federal Expenditures
SPECIAL EDUCATION (IDEA) CLUSTER:				
U.S. Department of Education				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	$ -	$ 326,506
Total Special Education (IDEA) Cluster			-	326,506
OTHER PROGRAMS				
U.S. Department of Education				
Passed through State Department of Education				
ESSA Title I Basic	84.010	14329	-	124,282
ESSA Title I School Improvement Funding	84.010	15438	-	127,439
Subtotal ESSA Title I Funding			-	251,721
COVID-19 Homeless Children & Youth	84.425	15566	-	18,164
COVID-19 ESSER III Learning Loss	84.425U	10155	-	353,977
Subtotal COVID-19 Funding			-	372,141
21st Century - ASSETS	84.287	14535	-	346,275
Title III - English Learner	84.365	14346	-	38,181
Title II - Supporting Effective Instruction	84.367	14341	-	70,302
Title IV - Student Support & Academic Enrichment	84.424	15396	-	43,766
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ -	$ 1,448,892

See accompanying notes to schedule of expenditures of federal awards.

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization 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

The Organization did not charge indirect costs to federal programs.

Other Information

The O'Farrell Charter Schools
Organization Structure
Year Ended June 30, 2025

The O'Farrell Charter School (Charter #0048) was formed pursuant to Education Code Section 47600 granted in January 1994 with the San Diego Unified School District. The O'Farrell Charter School serves students in grades kindergarten through twelve. Ingenuity Charter School (Charter #1719) was formed pursuant to Education Code Section 47600 granted in March 2015 with the San Diego Unified School District. Ingenuity Charter School serves students in grades six through twelve.

GOVERNING BOARD

Name	Office	Term and Term Expiration
Talib Mahdi	Chair	Two Year Term Expires January 2026
Troy Owens	Vice Chair	Two Year Term Expires August 2026
Sharlette Dela Cruz	Member	Two Year Term Expires January 2026
Danielle Porter	Member	Two Year Term Expires May 2027

ADMINISTRATION

Cindy Wagner
Superintendent

Dr. Lisa Gonzales
Chief Operating Officer

Sharmila Kraft
Chief Academic and Student Support Officer

Other Independent Auditor’s Reports

WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

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
The O'Farrell Charter Schools

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 O'Farrell Charter Schools' (the Organization) which comprise the Organization'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 23, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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*.

The O'Farrell Charter Schools Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 23, 2026

WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

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
The O'Farrell Charter Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The O'Farrell Charter Schools' (the Organization) 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 Organization's major federal programs for the year ended June 30, 2025. The Organization'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 Organization 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 Organization 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 Organization'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 Organization'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 Organization'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 Organization'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 Organization'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 Organization'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 Organization'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.

El Cajon, California
January 23, 2026

WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

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
The O'Farrell Charter Schools

Report on Compliance for Applicable State Programs

Opinion on Each Applicable State Program

We have audited The O'Farrell Charter Schools' (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:

		The O'Farrell Charter School	Ingenuity Charter School
		Procedures Performed	Procedures Performed
School Districts, County Offices of Education, and Charter Schools			
T.	Proposition 28 Arts and Music in Schools	Yes	Yes
U.	After/Before School Education and Safety Program….	Yes	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….	No	N/A
AZ.	Educator Effectiveness….	Yes	Yes
BZ.	Expanded Learning Opportunities Grant (ELO-G)….	No	No
CZ.	Career Technical Education Incentive Grant….	N/A	N/A
DZ.	Expanded Learning Opportunities Program (ELO-P)	Yes	N/A
EZ.	Transitional Kindergarten….	Yes	N/A
FZ.	Kinder Continuance….	Yes	N/A
Charter Schools			
AA.	Attendance….	Yes	Yes
BB.	Mode of Instruction….	Yes	N/A
CC.	Nonclassroom-Based Instruction/Independent Study….	Yes	Yes
DD.	Determination of Funding for Nonclassroom-Based Instruction….	N/A	Yes
EE.	Annual Instructional Minutes - Classroom Based….	Yes	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 did not perform procedures for Immunization because O'Farrell Charter School did not appear on the California Department of Public Health list of LEAs that are subject to the audit of Immunizations.

We did not perform procedures for Expanded Learning Opportunities Grant (ELO-G) because ELO-G amounts were fully expended in prior years.

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 23, 2026

Auditor’s Results, Findings & Recommendations

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)?	X	Yes		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
84.027	IDEA Basic Local Assistance

Dollar threshold used to distinguish between Type A and Type B programs	$750,000			
Auditee qualified as low-risk auditee?	X	Yes		No

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

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 *2024-25Guide 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

Finding Number:	2025-001
Repeat Finding:	No
Description:	Internal Controls and Year-End Closing Process
Finding Type:	Internal Control (30000)

Criteria or Specific Requirements

Management is responsible for designing and implementing a system of internal controls over financial reporting that provides reasonable assurance that misstatements affecting the financial statements are prevented or detected and corrected through normal operating procedures. Financial controls for best business practices should include proper year end closing procedures, including the reconciliation of balance sheet accounts. Additionally, California Education Code 47604.1 requires charter schools to comply with certain transparency and financial reporting requirements as specified by law.

Condition

During our audit we identified the following conditions which indicate that management or employees, in the normal course of performing their assigned functions, would not be able to prevent or detect and correct misstatements on a timely basis:

- The Organization overstated accounts payable
- The Organization understated accounts receivable
- The Organization understated ROU lease assets
- The Organization understated ROU leases payable

- The Organization did not properly track and allocate pooled cash balances among its schools, resulting in one school reporting a negative cash balance.

Cause
The Organization did not adequately reconcile financial records to ensure accurate financial reporting prior to closing the books and completing the UARs submitted to oversight agencies.

Effect
Material misstatements were not detected or corrected through normal operating procedures. The Organization is exposed to risk of material misstatements, whether due to error or fraud. Audit adjustments were required in order to present the financial statements in accordance with Generally Accepted Accounting Principles.

Context
Internal control deficiencies were identified in multiple areas of the audit that in aggregate represent significant deficiencies to the Organization in the internal control process. These deficiencies include errors in the tracking and allocation of pooled cash balances, which resulted in the need for an audit adjustment to reclassify a negative cash balance as a liability ("Due to other funds").

Recommendation
We recommend the Organization take the following steps to remedy the significant deficiencies in internal control:

- Establish reconciliation procedures for all balance sheet accounts on the financial statements, including detailed tracking and allocation of pooled cash balances among schools to ensure each school's cash position is accurately reflected and reconciled.
- Consider opening a separate bank account for each school or implementing enhanced subsidiary ledger controls to prevent negative cash balances and ensure proper classification of interfund liabilities.
- Establish review procedures over the accounting processes to ensure timely identification and correction of misstatements.

Views or Responsible Officials
See Corrective Action Plan

B. Federal Award Findings

None

C. State Award Findings

None

January 23, 2026

To Whom it May Concern:

The accompanying Corrective Action Plan has been prepared as required by the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the Education Audit Appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

Cindy Wagner

Cindy Wagner
Superintendent

Financial Statement Finding

Finding Number:	2025-001
Description:	Internal Controls and Year End Closing Process
Contact Person:	Cindy Wagner
Anticipated Completion Date:	08/01/2025
Planned Corrective Action:	see below

This was an item discussed during the last Oversight Visit by the school's Authorizer, the San Diego Unified School District. Access to transfer funds was obtained at the early part of Fiscal Year 2025-2026. We have begun transferring funds from the Ingenuity Treasury account and this should correct the finding identified.

The O'Farrell Charter Schools
Schedule of Prior Year Audit Findings
Year Ended June 30, 2025

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