Consolidated Financial Statements
June 30, 2025

The Classical Academy, Inc. and Subsidiaries (Operating: Classical Academy – Charter #0199, Classical Academy High – Charter #0759, Classical Academy Vista – Charter #2016, and Coastal Academy Charter – Charter #0516)

Independent Auditor's Report

Board of Directors
The Classical Academy, Inc.
and Subsidiaries
Escondido, California

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The Classical Academy, Inc. and Subsidiaries (the Organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Classical Academy, Inc. and Subsidiaries 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 consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 opinion. 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 consolidated 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 consolidated 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 consolidated 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information such as the consolidated Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information on pages 22-37 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidated Schedule of Expenditures of Federal Awards and other supplementary information are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Local Education Agency Organization Structure but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does 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 consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated 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 December 16, 2025 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 16, 2025

Assets	
Current assets	
Cash and cash equivalents	$ 22,843,992
Investments	27,184
Restricted cash	5,967,567
Receivables	4,803,014
Prepaid expenses	580,545
Total current assets	34,222,302
Non-current assets	
Security deposit	57,436
Investments	5,587,325
Property and equipment, net	113,957,575
Operating lease right-of-use asset, net	3,554,354
Total non-current assets	123,156,690
Total assets	$ 157,378,992
Liabilities	
Current liabilities	
Accounts payable	$ 8,377,304
Interest payable	1,294,250
Refundable advance	2,123,862
Current portion of bonds payable	1,675,000
Current portion of operating lease liability	615,003
Total current liabilities	14,085,419
Long-term liabilities	
Refundable advance, less current portion	2,000,000
Bonds payable, less current portion and net of unamortized bond issuance costs, bond premium and discount	103,046,345
Operating lease liability, less current portion	3,055,535
Total long-term liabilities	108,101,880
Total liabilities	122,187,299
Net Assets	
Without donor restrictions	35,191,693
Total liabilities and net assets	$ 157,378,992

Support and Revenues	
Local Control Funding Formula	$ 66,210,166
Federal revenue	1,263,190
Other state revenue	12,126,329
Interest income	892,894
Other local revenues	1,162,893
Contributions	471,845
Total support and revenues	82,127,317
Expenses	
Program services	63,430,494
Management and general	14,979,618
Total expenses	78,410,112
Change in Net Assets	3,717,205
Net Assets, Beginning of Year	31,474,488
Net Assets, End of Year	$ 35,191,693

	Program Services	Management and General	Total Expenses
Salaries - certificated	$ 30,106,412	$ -	$ 30,106,412
Salaries - classified	6,099,197	4,268,546	10,367,743
Employee benefits	14,225,478	2,186,803	16,412,281
Books and supplies	2,527,150	406,010	2,933,160
Travel and conferences	250,131	109,676	359,807
Dues and memberships	104,341	30,588	134,929
Insurance	655,617	34,506	690,123
Housekeeping services	1,842,524	96,975	1,939,499
Rental, leases, and repairs	1,591,885	83,787	1,675,672
Consulting and operating expenses	5,176,271	244,133	5,420,404
Communication	170,631	223,152	393,783
Depreciation	680,857	1,975,791	2,656,648
Interest	-	5,291,253	5,291,253
Bond costs	-	28,398	28,398
Total functional expenses	$ 63,430,494	$ 14,979,618	$ 78,410,112

Operating Activities	
Change in net assets	$ 3,717,205
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	2,656,648
Interest expense attributable to the amortization of bond issuance cost, discount and premium	131,391
Changes in operating assets and liabilities	
Receivables	(2,105,400)
Prepaid expenses	(238,694)
Security deposits	7,339
Accounts payable	849,200
Interest payable	(47,113)
Refundable advance	(1,469,947)
Operating lease assets and liabilities	(21,199)
Net Cash from Operating Activities	3,479,430
Investing Activities	
Purchases of property and equipment	(15,179,751)
Sale of investments	(934)
Net Cash used for Investing Activities	(15,180,685)
Financing Activities	
Principal payments on bonds	(1,620,000)
Net Change in Cash, Cash Equivalents, and Restricted Cash	(13,321,255)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	42,132,814
Cash, Cash Equivalents, and Restricted Cash, End of Year	$ 28,811,559
Cash and cash equivalents	$ 22,843,992
Restricted cash	5,967,567
Total Cash, Cash Equivalents, and Restricted Cash	$ 28,811,559
Supplemental Cash Flow Disclosure	
Cash paid during the year in interest	$ 5,206,225
Construction addition included in accounts payable	$ 15,290

Note 1 - Principal Activity and Significant Accounting Policies

Organization

The Classical Academy, Inc. was incorporated on May 18, 1999 as a nonprofit public benefit corporation that is organized under the Nonprofit Public Benefit Corporation Law exclusively for charitable and educational purposes within the meaning of 501(c)(3) of the Internal Revenue Code of 1954. Starting July 1, 2022, The Coastal Academy Charter, Inc. was dissolved and assumed by The Classical Academy, Inc., parent company. The Classical Academy, Inc. operates 4 charter schools: The Classical Academy ("TCA"), Classical Academy High School ("CAHS"), Classical Academy Vista ("CAV"), and Coastal Academy Charter ("CACS").

TCA is a grade TK-8 charter school and was granted a five-year charter renewal under the sponsorship of Escondido Union School District through June 30, 2027, pursuant to the terms of the Charter School Act of 1992 ("the Act"), as amended. TCA currently serves approximately 1,588 students in grades kindergarten through eighth.

CAHS is a grade 9 through 12 charter school and was granted a charter under the sponsorship of Escondido Union High School District through June 30, 2028, pursuant to the terms of the Act, as amended. CAHS currently serves approximately 1,335 students in grades ninth through twelfth.

CAV is a grade TK-8 charter school and was granted a charter under the sponsorship of the San Diego County Office of Education through June 30, 2027, pursuant to the terms of the Act, as amended. CAV currently serves approximately 661 students in grades kindergarten through eighth.

CACS is a grade TK-12 charter school and was granted a charter under the sponsorship of the Oceanside Unified School District through June 30, 2026, pursuant to the terms of the Act, as amended. CACS currently serves approximately 2,003 students in grades kindergarten through twelfth.

Classical Academy

Charter school number authorized by the State: 0199

Classical Academy High

Charter school number authorized by the State: 0759

Classical Academy Vista

Charter school number authorized by the State: 2016

Coastal Academy Charter

Charter school number authorized by the State: 0516

Partnering with Parents, LLC

Partnering with Parents, LLC ("LLC"), incorporated on April 25, 2013, it is a wholly owned subsidiary of The Classical Academy, Inc. The LLC is a special purpose entity formed for the purpose of financing and holding title to facilities leased by the schools.

Principles of Consolidation

The consolidated financial statements include accounts of The Classical Academy, Inc. and the LLC because The Classical Academy, Inc. has controlling financial interest in the LLC. All significant inter-entity accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as the Organization.

Basis of Accounting

The accompanying consolidated financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization did not have net assets with donor restrictions for the year ended June 30, 2025. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

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

Restricted Cash

Restricted cash in the amount of $5,967,567, represents the remaining balance of funds received which are limited in use for the payment of costs of constructing and operating new facilities resulting from proceeds of the Charter School Revenue Bonds.

Investments

Investment purchases are recorded at cost or, if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Net investment income is reported in the consolidated statement of activities and consists of dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Receivables and Credit Policies

Receivables consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as the Organization deems all amounts to be fully collectible. Substantially all outstanding receivables as of June 30, 2025, are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year.

Property and Equipment

Property and equipment additions over $5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is 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 are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

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.

Right-of-Use Leased Assets and Liabilities

Right-of-use leased assets and the related liabilities are recognized at the lease commencement date and represent the Organization's right-of-use an underlying asset and lease obligations for the lease term. Right-of-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-of-use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

Revenue and Revenue Recognition

Operating funds for the Organization are derived principally from state and federal sources. The Organization receives state funding based on each of the enrolled student's average daily attendance (ADA) in its schools. Contributions are recognized when cash or notification of an entitlement is received.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures, as well as the amount received from the Enhancement (ABLE) Program that must be returned to the awarding agency and classified as long-term liabilities, are reported as refundable advances in the consolidated statement of financial position. At June 30, 2025, no conditional contributions, for which no amounts had been received in advance, have not been recognized in the accompanying consolidated financial statements.

Debt Issuance Costs and Premiums

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which is a reasonable approximation of the effective interest method. Debt issuance costs are included within bonds payable in the consolidated statement of financial position. Amortization of debt issuance costs is included in interest expense in the accompanying consolidated financial statements.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the consolidated 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. Donated professional services are recorded 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.

Services Received from Personnel of an Affiliate

On June 4, 2013, the Organization signed an affiliation agreement with The Foundation for the Classical Academies ("Foundation"), formally known as North County Education Foundation, Inc. under which the Foundation raises funds for the Organization. In addition, the Organization and Foundation share resources in regard to certain facilities, administrative, recreational, academic, and employee resources for the efficient operations of the Organization and the foundation. During the year ended June 30, 2025, the Organization received donations from the Foundation totaling $471,263.

Functional Allocation of Expenses

The consolidated financial statements report categories of expenses that are attributed to program service activities or supporting services activities such as management and general activities. The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates. The expenses that are allocated include salaries, benefits, books and supplies, travel and conferences, dues and memberships, and other expenses, which are allocated on the basis time and effort. Insurance, housekeeping services, rentals and repairs, consulting and operating expenses, and depreciation expense is allocated based on square footage.

Income Taxes

The Classical Academy, Inc. is organized as California nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3), and qualify for the charitable contribution deduction. They are also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. The Classical Academy, Inc. and Coastal Academy Charter School, Inc. are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, The Classical Academy, Inc. and Coastal Academy Charter School, Inc. are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Classical Academy, Inc. and Coastal Academy Charter School, Inc. determined they are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. The LLC qualifies for exemption from the California state LLC fee, California Revenue and Taxation Code Section 23701(h) and is disregarded from federal income tax reported because it is a single member LLC.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

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

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with receivables are considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies supportive of the Organization's mission.

The Organization maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2025, the Organization had approximately $23,592,296, in excess of FDIC-insured limits.

Note 2 - Liquidity and Availability

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

Cash and cash equivalents	$ 22,843,992
Receivables	4,803,014
Total	$ 27,647,006

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Note 3 - Fair Value Measurements and Disclosures

The Organization has determined the fair value of certain assets in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset in the most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs. A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices (unadjusted) in active markets for identical assets that can be accessed at the reporting date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset and market corroborated inputs. Level 3 inputs are unobservable inputs related to the asset. In these situations, inputs are developed using the best information in the circumstances.

In some cases, the inputs used to measure the fair value of an asset 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 entire measurement. Assessing the significance of a particular input to an entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk, or liquidity profile of the asset.

Certain certificates of deposit are considered invested and traded in the financial markets. Those certificates of deposit and fixed income securities and other securities are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2.

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

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Investments				
Certificate of Deposit	$ -	$ 27,184	$ -	$ 27,184
Debt Securities	-	5,587,325	-	5,587,325
	$ -	$ 5,614,509	$ -	$ 5,614,509

Note 4 - Property and Equipment

Property and equipment consist of the following at June 30, 2025:

Land	$ 13,932,994
Building and improvements	61,731,113
Leasehold improvements	14,359,300
Furniture and equipment	2,223,337
Work in progress	35,605,299
	127,852,043
Less accumulated depreciation	(13,894,468)
Total	$ 113,957,575

Note 5 - Bonds Payable

Charter School Revenue Bonds, Series 2017A On December 1, 2017, LLC issued $28,560,000 in Series 2017A, for the financing of the acquisition and renovations to certain educational facilities. Issuance secured by a deed of trust on those school facilities. The Series 2017A Bonds were issued with interest rates ranging from 3.25% to 5.00% and mature on October 1, 2044. The Bonds also contained a premium when issued of $1,640,287. The bond premium is amortized over the life of each respective bond and is included as a reduction of interest expense with the effective interest rate 4.16%. The bonds are subject to certain financial and nonfinancial covenants.	$ 24,155,000
Charter School Revenue Bonds, Series 2020A On September 10, 2020, LLC issued Series 2020A charter school revenue bonds to finance the purchase of school facilities in the aggregate principal amount of $17,165,000 ("2020A Bonds"). The 2020A Bonds were sold at a premium of $1,848,528. Of the total 2020A Bonds, $630,000 in principal mature on October 1, 2030, and bear interest at an annual rate of 3.00%, $1,215,000 in principal mature on October 1, 2040, and bear interest at an annual rate of 5.00%, and $15,320,000 mature on October 1, 2050, and bear interest at an annual rate of 5.00%. Issuance secured by a deed of trust on those school facilities. The bond premium is amortized over the life of each respective bond and is included as a reduction of interest expense with the effective interest rate 4.08%. The bonds are subject to certain financial and nonfinancial covenants.	16,980,000
Charter School Revenue Bonds, Series 2021A and 2021B On April 28, 2021, the LLC issued $10,190,000 in Series 2021AB bonds ("2021AB Bonds") for the financing of the acquisition and renovations to certain educational facilities. Issuance secured by a deed of trust on those school facilities. The Series 2021AB Bonds were issued with interest rates ranging from 2.00% to 4.00% and mature on October 1, 2046. The Bonds also contained a premium when issued of $966,486. The bond premium is amortized over the life of each respective bond and is included as a reduction of interest expense with the effective interest rate 3.56%. The bonds are subject to certain financial and nonfinancial covenants.	9,350,000
Charter School Revenue Bonds, Series 2022A On July 1, 2022, the LLC issued $57,270,000 in Series 2022A bonds ("2022A Bonds") for the financing of the acquisition and renovations to certain educational facilities. Issuance secured by a deed of trust on those school facilities. The Series 2022A Bonds were issued with interest rates ranging from 4.00% to 5.00% and mature on October 1, 2061. The Bonds also contained a premium when issued of $823,379. The bond premium is amortized over the life of each respective bond and is included as a reduction of interest expense with the effective interest rate 5.12%. The bonds are subject to certain financial and nonfinancial covenants.	56,485,000
Subtotal outstanding bonds	106,970,000

Premium on Charter School Revenue Bonds, Series 2017A	$ 1,180,393
Premium on Charter School Revenue Bonds, Series 2020A	1,555,845
Premium on Charter School Revenue Bonds, Series 2021A and 2021B	814,880
Premium on Charter School Revenue Bonds, Series 2022A	742,511
Subtotal premium on bonds	4,293,629
Bond issuance costs on Charter School Revenue Bonds, Series 2017A	(4,873,172)
Bond issuance costs on Charter School Revenue Bonds, Series 2020A	(466,108)
Bond issuance costs on Charter School Revenue Bonds, Series 2021A and 2021B	(344,527)
Bond issuance costs on Charter School Revenue Bonds, Series 2022A	(858,477)
Subtotal bond issuance costs on bonds	(6,542,284)
Total	$ 104,721,345

Future maturities of bonds payable are as follows:

Year Ending June 30,	Principal
2026	$ 1,675,000
2027	1,735,000
2028	1,805,000
2029	1,880,000
2030	1,965,000
Thereafter	97,910,000
Plus: Unamortized bond premium	4,293,629
Less unamortized debt issuance costs	(6,542,284)
Total	$ 104,721,345

Note 6 - Leases

The Organization leases certain real property for the operations of the charter school and equipment at various terms under long-term non-cancelable operating lease and finance lease agreements. The leases expire at various dates through 2032. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options reasonably certain to be exercised. The Organization's operating lease provides for increases in future minimum annual rental payments. Additionally, the operating lease agreement requires the Organization to pay real estate taxes, insurance, and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, the Organization estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Organization's applicable borrowing rates and the contractual lease term.

The lease agreements also require the Organization to comply with certain covenants and to maintain certain financial ratios. As of June 30, 2025, the Organization was in compliance with all ratios and covenants.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The Organization elected the practical expedient to not separate lease and non-lease components for real property and equipment leases.

Total lease costs for the year ended June 30, 2025 were as follows:

Operating lease cost	$ 1,018,647

The following table summarizes the supplemental cash flow information for the year ended June 30, 2025:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	$ 1,023,478

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

Weighted-average remaining lease term	
Operating leases	10.90 Years
Weighted-average discount rate	
Operating leases	6.41%

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of June 30, 2025:

	June 30, 2025 Operating
2026	$ 697,422
2027	618,488
2028	261,737
2029	235,259
2030	231,500
Thereafter	1,843,500
Total lease payments	3,887,906
Less interest	(217,368)
Present value of lease liabilities	$ 3,670,538

Note 7 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic 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 details of the plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The Organization contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. If a participating employer stops contribution to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers as all plan assets are held by the plan and all benefit obligations are borne by the STRP.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: https://www.calstrs.com/forms-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The Organization contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2025, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, the Organization, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 % of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the Organization's total contributions were $4,585,073.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. If a participating employer stops contribution to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers as all plan assets are held by the plan and all benefit obligations are borne by the STRP.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2025, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	27.05%	27.05%

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Organization is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the total Organization’s contributions were $3,394,642.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Organization. These payments consist of State General Fund contributions to CalSTRS in the amount of $2,148,136 (10.828% of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these consolidated financial statements.

Note 8 - Contingencies, Risks, and Uncertainties

The Organization has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any reimbursement, if required, would not be material.

Note 9 - Subsequent Events

The Organization’s management has evaluated events or transactions that may occur for potential recognition or disclosure in the consolidated financial statements through December 16, 2025, which is the date the consolidated financial statements are issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year consolidated financial statements.

Effective August 27, 2025, the Foundation was reclassified as a Type I supporting organization supporting solely The Classical Academy, Inc. The Foundation continues to be recognized as an organization exempt from federal income tax under IRC Section 501(c)(3).

On December 9, 2025, the Oceanside Unified School District Board of Education approved the renewal of the Coastal Academy Charter for a period of five years, extending through June 30, 2031.

Supplementary Information
June 30, 2025

The Classical Academy, Inc. and Subsidiaries

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education (CDE)			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement	84.027	13379	$ 870,304
Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	132,383
Special Education (IDEA) Cluster Subtotal			1,002,687
Workability II, Transitions Partnership Program	84.126	10006	260,503
Total U.S. Department of Education			1,263,190
Total Federal Financial Assistance			$ 1,263,190

The Classical Academy	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	596.84	592.40
Fourth through sixth	478.27	475.82
Seventh and eighth	495.37	492.94
Total Regular ADA	1,570.48	1,561.16
Classroom Based ADA		
Transitional kindergarten through third	-	-
Fourth through sixth	-	-
Seventh and eighth	-	-
Total Classroom Based ADA	-	-

The Charter School only operated a non-classroom-based program.

Classical Academy High School	Second Period Report	Annual Report
Regular ADA		
Ninth through twelfth	1,314.79	1,311.68
Total Regular ADA	1,314.79	1,311.68
Classroom Based ADA		
Ninth through twelfth	-	-
Total Classroom Based ADA	-	-

The Charter School only operated a non-classroom-based program.

Classical Academy Vista	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	277.70	285.79
Fourth through sixth	204.61	208.02
Seventh and eighth	181.96	184.58
Total Regular ADA	664.27	678.39
Classroom Based ADA		
Transitional kindergarten through third	-	-
Fourth through sixth	-	-
Seventh and eighth	-	-
Total Classroom Based ADA	-	-

The Charter School only operated a non-classroom-based program.

Coastal Academy Charter School	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	526.79	523.29
Fourth through sixth	376.28	373.23
Seventh and eighth	305.51	303.26
Ninth through twelfth	758.55	755.08
Total Regular ADA	1,967.13	1,954.86
Classroom Based ADA		
Transitional kindergarten through third	-	-
Fourth through sixth	-	-
Seventh and eighth	-	-
Ninth through twelfth	-	-
Total Classroom Based ADA	-	-

The Charter School only operated a non-classroom-based program.

The Classical Academy

Grade Level	Total Days Offered	Status
Kindergarten	180	Complied
Grades 1 - 3		
Grade 1	180	Complied
Grade 2	180	Complied
Grade 3	180	Complied
Grades 4 - 8		
Grade 4	180	Complied
Grade 5	180	Complied
Grade 6	180	Complied
Grade 7	180	Complied
Grade 8	180	Complied

Classical Academy High School

Grade Level	Total Days Offered	Status
Grades 9 - 12		
Grade 9	180	Complied
Grade 10	180	Complied
Grade 11	180	Complied
Grade 12	180	Complied

Classical Academy Vista

Grade Level	Total Days Offered	Status
Kindergarten	180	Complied
Grades 1 - 3		
Grade 1	180	Complied
Grade 2	180	Complied
Grade 3	180	Complied
Grades 4 - 8		
Grade 4	180	Complied
Grade 5	180	Complied
Grade 6	180	Complied
Grade 7	180	Complied
Grade 8	180	Complied

Coastal Academy Charter School

Grade Level	Total Days Offered	Status
Kindergarten	180	Complied
Grades 1 - 3		
Grade 1	180	Complied
Grade 2	180	Complied
Grade 3	180	Complied
Grades 4 - 8		
Grade 4	180	Complied
Grade 5	180	Complied
Grade 6	180	Complied
Grade 7	180	Complied
Grade 8	180	Complied
Grades 9 - 12		
Grade 9	180	Complied
Grade 10	180	Complied
Grade 11	180	Complied
Grade 12	180	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2025.

	The Classical Academy, Inc						
	The Classical Academy	Classical Academy High School	Classical Academy Vista	Coastal Academy Charter School	Partnering With Parents, LLC	Elimination	Total
Assets							
Current assets							
Cash and cash equivalents	$ 5,488,522	$ 4,990,150	$ 2,141,682	$ 10,028,191	$ 195,447	$ -	$ 22,843,992
Investment	-	-	-	27,184	-	-	27,184
Restricted cash	-	-	-	-	5,967,567	-	5,967,567
Accounts receivable	601,747	910,736	1,054,985	2,235,546	-	-	4,803,014
Operating lease receivable	-	-	-	-	1,502,006	(1,502,006)	-
Inter-entity receivable	3,388,887	3,016,778	2,170,200	7,126,231	201,500	(15,903,596)	-
Current portion of note receivable	-	-	-	200,000	-	(200,000)	-
Prepaid expenses	407,364	56,751	41,460	73,806	1,164	-	580,545
Total current assets	9,886,520	8,974,415	5,408,327	19,690,958	7,867,684	(17,605,602)	34,222,302
Non-current assets							
Note receivable, less current portion	-	-	-	2,600,000	-	(2,600,000)	-
Security deposit	20,279	-	-	37,157	-	-	57,436
Investment	-	-	-	-	5,587,325	-	5,587,325
Property and equipment	4,210,700	2,927,951	1,095,839	710,283	105,012,802	-	113,957,575
Operating lease right-of-use asset	26,047,854	15,983,912	13,504,446	57,664,183	-	(109,646,041)	3,554,354
Total non-current assets	30,278,833	18,911,863	14,600,285	61,011,623	110,600,127	(112,246,041)	123,156,690
Total assets	$ 40,165,353	$ 27,886,278	$ 20,008,612	$ 80,702,581	$ 118,467,811	$ (129,851,643)	$ 157,378,992

	The Classical Academy, Inc						
	The Classical Academy	Classical Academy High School	Classical Academy Vista	Coastal Academy Charter School	Partnering With Parents, LLC	Elimination	Total
Liabilities							
Current liabilities							
Accounts payable	$ 3,252,307	$ 1,751,525	$ 759,423	$ 2,472,259	$ 141,790	$ -	$ 8,377,304
Interest payable	-	-	-	-	1,294,250	-	1,294,250
Refundable advance	651,592	417,611	244,846	809,813	-	-	2,123,862
Inter-entity payable	105,801	1,942,962	2,929,090	4,055,614	6,870,129	(15,903,596)	-
Current portion of loan payable	-	-	-	-	200,000	(200,000)	-
Current portion of bonds payable	-	-	-	-	1,675,000	-	1,675,000
Current portion of operating lease liability	953,533	432,644	654,358	721,549	-	(2,147,081)	615,003
Total current liabilities	4,963,233	4,544,742	4,587,717	8,059,235	10,181,169	(18,250,677)	14,085,419
Long-term liabilities							
Refundable advance, less current portion	$ -	$ -	$ -	$ -	$ 2,000,000	$ -	$ 2,000,000
Loan payable, less current portion	-	-	-	-	2,600,000	(2,600,000)	-
Bonds payable, less current portion and net of unamortized bond issuance costs, bond premium and discount	-	-	-	-	103,046,345	-	103,046,345
Operating lease liability, less current portion	25,951,396	15,921,163	12,595,369	57,588,573	-	(109,000,966)	3,055,535
Total long-term liabilities	25,951,396	15,921,163	12,595,369	57,588,573	107,646,345	(111,600,966)	108,101,880
Total liabilities	30,914,629	20,465,905	17,183,086	65,647,808	117,827,514	(129,851,643)	122,187,299
Net Assets							
Without donor restrictions	9,250,724	7,420,373	2,825,526	15,054,773	640,297	-	35,191,693
Total liabilities and net assets	$ 40,165,353	$ 27,886,278	$ 20,008,612	$ 80,702,581	$ 118,467,811	$ (129,851,643)	$ 157,378,992

	The Classical Academy Without Donor Restrictions	Classical Academy High Without Donor Restrictions	Classical Academy Vista Without Donor Restrictions	Coastal Academy Charter School Without Donor Restrictions
Support and Revenues				
Local Control Funding Formula	$ 17,724,638	$ 17,113,260	$ 7,547,066	$ 23,825,202
Federal revenue	294,390	503,952	115,436	349,412
Other state revenue	3,477,094	2,847,267	1,460,829	4,341,139
Interest income	92,889	171,616	95,193	265,831
Rent income	-	-	-	-
Other local revenues	381,205	196,131	310,849	207,550
Contributions	53,235	23,128	5,541	379,941
Total support and revenues	22,023,451	20,855,354	9,534,914	29,369,075
Expenses				
Program services	18,810,508	17,519,460	8,499,262	26,014,963
Management and general	2,408,286	2,652,046	305,488	2,772,687
Total expenses	21,218,794	20,171,506	8,804,750	28,787,650
Change in Net Assets	804,657	683,848	730,164	581,425
Net Assets, Beginning of Year	8,446,067	6,736,525	2,095,362	14,473,348
Net Assets, End of Year	$ 9,250,724	$ 7,420,373	$ 2,825,526	$ 15,054,773

	Partnering With Parents, LLC	Eliminate	Total
	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions
Support and Revenues			
Local Control Funding Formula	$ -	$ -	$ 66,210,166
Federal revenue	-	-	1,263,190
Other state revenue	-	-	12,126,329
Interest income	267,365	-	892,894
Rent income	7,803,894	(7,803,894)	-
Other local revenues	67,158	-	1,162,893
Contributions	10,000	-	471,845
Total support and revenues	8,148,417	(7,803,894)	82,127,317
Expenses			
Program services	-	(7,413,699)	63,430,494
Management and general	7,231,306	(390,195)	14,979,618
Total expenses	7,231,306	(7,803,894)	78,410,112
Change in Net Assets	917,111	-	3,717,205
Net Assets, Beginning of Year	(276,814)	-	31,474,488
Net Assets, End of Year	$ 640,297	$ -	$ 35,191,693

	The Classical Academy			Classical Academy High School		
	Program Services	Management and General	Subtotal Expenses	Program Services	Management and General	Subtotal Expenses
Salaries - certificated	$ 7,955,622	$ -	$ 7,955,622	$ 7,753,373	$ -	$ 7,753,373
Salaries - classified	1,570,346	1,422,328	2,992,674	1,597,620	1,405,561	3,003,181
Employee benefits	3,841,925	592,270	4,434,195	3,609,722	775,412	4,385,134
Books and supplies	672,461	74,746	747,207	639,748	119,951	759,699
Travel and conferences	82,276	-	82,276	56,298	51,262	107,560
Dues and memberships	30,058	5,971	36,029	25,320	9,913	35,233
Insurance	168,210	8,853	177,063	195,107	10,269	205,376
Housekeeping services	334,879	17,625	352,504	489,270	25,751	515,021
Rental, leases, and repairs	2,396,193	126,116	2,522,309	1,565,241	82,382	1,647,623
Consulting and operating expenses	1,276,495	58,579	1,335,074	1,437,477	75,657	1,513,134
Communication	70,269	71,521	141,790	33,067	89,719	122,786
Depreciation	411,774	21,672	433,446	117,217	6,169	123,386
Interest	-	-	-	-	-	-
Bond costs	-	8,605	8,605	-	-	-
Total functional expenses	$ 18,810,508	$ 2,408,286	$ 21,218,794	$ 17,519,460	$ 2,652,046	$ 20,171,506

	Classical Academy Vista			Coastal Academy Charter School		
	Program Services	Management and General	Subtotal Expenses	Program Services	Management and General	Subtotal Expenses
Salaries - certificated	$ 3,900,970	$ -	$ 3,900,970	$ 10,496,447	$ -	$ 10,496,447
Salaries - classified	688,587	41,199	729,786	2,242,644	1,399,458	3,642,102
Employee benefits	1,748,439	64,562	1,813,001	5,025,392	754,559	5,779,951
Books and supplies	263,242	84,249	347,491	951,699	127,064	1,078,763
Travel and conferences	17,240	3,556	20,796	94,317	54,858	149,175
Dues and memberships	13,302	5,281	18,583	35,661	9,423	45,084
Insurance	86,533	4,554	91,087	205,767	10,830	216,597
Housekeeping services	261,213	13,748	274,961	757,162	39,851	797,013
Rental, leases, and repairs	940,243	49,488	989,731	4,103,907	215,996	4,319,903
Consulting and operating expenses	474,634	22,048	496,682	1,987,665	87,754	2,075,419
Communication	11,389	8,951	20,340	55,906	52,961	108,867
Depreciation	93,470	4,919	98,389	58,396	3,073	61,469
Interest	-	-	-	-	-	-
Bond costs	-	2,933	2,933	-	16,860	16,860
Total functional expenses	$ 8,499,262	$ 305,488	$ 8,804,750	$ 26,014,963	$ 2,772,687	$ 28,787,650

	Subtotal			Partnering with Parents, LLC		
	Program Services	Management and General	Subtotal Expenses	Program Services	Management and General	Subtotal Expenses
Salaries - certificated	$ 30,106,412	$ -	$ 30,106,412	$ -	$ -	$ -
Salaries - classified	6,099,197	4,268,546	10,367,743	-	-	-
Employee benefits	14,225,478	2,186,803	16,412,281	-	-	-
Books and supplies	2,527,150	406,010	2,933,160	-	-	-
Travel and conferences	250,131	109,676	359,807	-	-	-
Dues and memberships	104,341	30,588	134,929	-	-	-
Insurance	655,617	34,506	690,123	-	-	-
Housekeeping services	1,842,524	96,975	1,939,499	-	-	-
Rental, leases, and repairs	9,005,584	473,982	9,479,566	-	-	-
Consulting and operating expenses	5,176,271	244,038	5,420,309	-	95	95
Communication	170,631	223,152	393,783	-	-	-
Depreciation	680,857	35,833	716,690	-	1,939,958	1,939,958
Interest	-	-	-	-	5,291,253	5,291,253
Bond costs	-	28,398	28,398	-	-	-
Total functional expenses	$ 70,844,193	$ 8,138,507	$ 78,982,700	$ -	$ 7,231,306	$ 7,231,306

	Elimination			Total		
	Program Services	Management and General	Subtotal Expenses	Program Services	Management and General	Total Expenses
Salaries - certificated	$ -	$ -	$ -	$ 30,106,412	$ -	$ 30,106,412
Salaries - classified	-	-	-	6,099,197	4,268,546	10,367,743
Employee benefits	-	-	-	14,225,478	2,186,803	16,412,281
Books and supplies	-	-	-	2,527,150	406,010	2,933,160
Travel and conferences	-	-	-	250,131	109,676	359,807
Dues and memberships	-	-	-	104,341	30,588	134,929
Insurance	-	-	-	655,617	34,506	690,123
Housekeeping services	-	-	-	1,842,524	96,975	1,939,499
Rental, leases, and repairs	(7,413,699)	(390,195)	(7,803,894)	1,591,885	83,787	1,675,672
Consulting and operating expenses	-	-	-	5,176,271	244,133	5,420,404
Communication	-	-	-	170,631	223,152	393,783
Depreciation	-	-	-	680,857	1,975,791	2,656,648
Interest	-	-	-	-	5,291,253	5,291,253
Bond costs	-	-	-	-	28,398	28,398
Total functional expenses	$ (7,413,699)	$ (390,195)	$ (7,803,894)	$ 63,430,494	$ 14,979,618	$ 78,410,112

Note 1 - Purpose of Supplementary Schedules

Consolidated Schedule of Expenditures of Federal Awards

Basis of Presentation
The accompanying consolidated Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2025. The information is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Summary of Significant Accounting Policies
Expenditures reported in the Schedule are reported on the accrual basis of accounting. When applicable, such expenditures 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. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate
The Organization has not elected to use the ten percent de minimis cost rate.

Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Organization. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at the Organization.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the Organization and whether the Organization complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

Reconciliation of Annual Financial Report with Audited Consolidated Financial Statements

This schedule provides the information necessary to reconcile the net assets reported on the unaudited actual financial report to the audited consolidated financial statements.

Consolidating Statement of Financial Position, Consolidating Statement of Activities, and Consolidating Statement of Functional Expenses

The consolidating statement of financial position and consolidating statement of activities report the activities of the Organization and related entities and are presented on the accrual basis of accounting. Eliminating entries in the consolidating statement of financial position and consolidating statement of activities are for activities between the Organization and related entities.

Other Information
June 30, 2025

The Classical Academy, Inc. and Subsidiaries

ORGANIZATION

The Classical Academy, Inc., is an organization of award-winning and certified California public charter schools serving North San Diego County since 1999. Each campus offers a flexible, personalized educational environment that blends the best of independent study and the traditional classroom experience. These hybrid programs encourage students to explore their interests, accommodate their learning styles, and reach their maximum potential. It is our goal that every student becomes an effective thinker, communicator, and achiever.

The Classical Academy, Inc. operates the following charters:

CHARTER	SCHOOL TYPE	AUTHORIZER
Classical Academy	Elementary Schools (Public)	Escondido Union School District
Classical Academy High	High Schools (Public)	Escondido Union High School District
Classical Academy Vista	Elementary Schools (Public)	San Diego County Office of Education
Coastal Academy Charter	K-12 Schools (Public)	Oceanside Unified School District

BOARD OF DIRECTORS

MEMBER	OFFICE	TERM EXPIRES
Mark Reardon	President	December 2027
Paul Donovan Jr.	Secretary	Resigned in December 2024
Valerie Jauregui	Secretary	June 2026
Angie Mosteller	Treasurer	April 2027
Mark Donar	Member at Large	May 2029
Carlos Colorado	Member at Large	November 2028

ADMINISTRATION

Kurtis Indorf	Chief Executive Officer
Carmen Coniglio	Chief Financial Officer

Independent Auditor’s Reports
June 30, 2025

The Classical Academy, Inc. and Subsidiaries

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*

Board of Directors
The Classical Academy, Inc.
and Subsidiaries
Escondido, California

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 (*Government Auditing Standards)*, the consolidated financial statements of The Classical Academy, Inc. and Subsidiaries (the Organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated December 16, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
December 16, 2025

Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
The Classical Academy, Inc.
and Subsidiaries
Escondido, California

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited The Classical Academy, Inc. and Subsidiaries' (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 the Organization's major federal program for the year ended June 30, 2025. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Classical Academy, Inc. and Subsidiaries complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2025.

Basis for Opinion on the 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 the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

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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 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 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 the 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, 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.

Eide Bailly LLP

Rancho Cucamonga, California
December 16, 2025

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

Board of Directors
The Classical Academy, Inc.
and Subsidiaries
Escondido, California

Report on Compliance

Opinion on State Compliance

We have audited The Classical Academy, Inc. and Subsidiaries' (the Organization) compliance with the requirements specified in the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the Organization's state program requirements identified below for the year ended June 30, 2025.

In our opinion, The Classical Academy, Inc. and Subsidiaries complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

Basis for Opinion

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 *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards 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 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 opinion. 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 state programs.

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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 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 *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a 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 the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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 consider 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 *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the Organization's compliance with the state laws and regulations applicable to the following items:

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Not Applicable
Teacher Certification and Misassignments	Not Applicable
Independent Study	Not Applicable
Continuation Education	Not Applicable
Instructional Time	Not Applicable
Instructional Materials	Not Applicable
Ratio of Administrative Employees to Teachers	Not Applicable
Classroom Teacher Salaries	Not Applicable
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Not Applicable
School Accountability Report Card	Not Applicable

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools or Programs	Not Applicable
K-3 Grade Span Adjustment	Not Applicable
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Not Applicable
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Not Applicable
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Not Applicable
Career Technical Education Incentive Grant	Not Applicable
Expanded Learning Opportunities Program	Not Applicable
Transitional Kindergarten	Not Applicable
Kindergarten Continuance	Yes
Charter Schools	
Attendance	Yes
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes – Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

The term “Not applicable” is used above to mean either the Organization did not offer the program during the current fiscal year, the Organization did not participate in the program during the current fiscal year, the program did not exceed the threshold for testing, or the program applies to a different type of local education agency.

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 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 a material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from 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 *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 16, 2025

Schedule of Findings and Questioned Costs
June 30, 2025

The Classical Academy, Inc. and Subsidiaries

<u>Consolidated Financial Statements</u>

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to consolidated financial statements noted?	No

<u>Federal Awards</u>

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major program:

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Special Education (IDEA) Cluster	84.027, 84.027A

Dollar threshold used to distinguish between type A and type B programs	$750,000
Auditee qualified as low-risk auditee?	Yes

<u>State Compliance</u>

Internal control over state compliance for programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Other matters to be reported	No
Type of auditor's report issued on compliance for programs	Unmodified

None reported.

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.