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HARBOR SPRINGS CHARTER SCHOOL
A NONPROFIT PUBLIC BENEFIT CORPORATION
OPERATING THREE CALIFORNIA CHARTER SCHOOLS

Harbor Springs Charter School (Charter No. 1589)
Pacific Springs Charter School (Charter No. 1989)
Vista Springs Charter School (Charter No. 1968)

CONSOLIDATED AUDIT REPORT

June 30, 2025

858-565-2700
www.cwdl.com

HARBOR SPRINGS CHARTER SCHOOL
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JUNE 30, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Harbor Springs Charter School
Temecula, California

Report on Audit of Financial Statements

Opinion

We have audited the accompanying consolidated financial statement of Harbor Springs Charter School (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statement of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 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 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 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 opinions on the financial statements that collectively comprise the Organization's financial statements. The accompanying supplementary information listed in the table of contents 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 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.



San Diego, California
December 3, 2025

FINANCIAL SECTION

HARBOR SPRINGS CHARTER SCHOOL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

ASSETS	
Current assets:	
Cash and cash equivalents	$ 7,933,403
Accounts receivable	5,527,354
Prepaid expenses	148,188
Other current assets	25,500
Total current assets	13,634,445
Non-current assets:	
Security deposits	23,700
Right-of-use assets, net	19,701,296
Capital assets, net	16,455,886
Total non-current assets	36,180,882
TOTAL ASSETS	$ 49,815,327
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	$ 2,580,437
Deferred revenue	220,933
Compensated absences	27,363
Lease liabilities, current portion	1,484,663
Total current liabilities	4,313,396
Non-current liabilities:	
Bonds payable	17,260,000
Less: unamortized items	(966,687)
Bond interest payable	477,288
Lease liabilities, non-current portion	19,322,580
Compensated absences	3,311
Total non-current liabilities	36,096,492
Total liabilities	40,409,888
Net assets:	
Without donor restriction	9,405,439
Total net assets	9,405,439
TOTAL LIABILITIES AND NET ASSETS	$ 49,815,327

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

HARBOR SPRINGS CHARTER SCHOOL
CONSOLIDATED STATEMENT OF ACTIVITES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2025

SUPPORT AND REVENUES	
Federal and state support revenues:	
Local control funding formula, state aid	$ 9,861,749
Federal revenues	460,459
Other state revenues	1,043,698
Total federal and state support and revenues	11,365,906
Local support and revenues:	
Payments in lieu of property taxes	2,806,429
Investment income, net	723,275
Other local revenues	2,649,305
Total local support and revenues	6,179,009
TOTAL SUPPORT AND REVENUES	17,544,915
EXPENSES	
Program services	15,356,803
Management and general	2,619,307
TOTAL EXPENSES	17,976,110
CHANGES IN NET ASSETS	(431,195)
NET ASSETS, BEGINNING	9,836,634
NET ASSETS, ENDING	$ 9,405,439

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

HARBOR SPRINGS CHARTER SCHOOL
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services	Management and General	Total
EXPENSES			
Personnel expenses:			
Certificated salaries	$ 5,559,840	$ 491,651	$ 6,051,491
Classified salaries	1,192,984	184,337	1,377,321
Other employee salaries	127,208	19,657	146,865
Other employee benefits	2,415,448	161,213	2,576,661
Total personnel expenses	9,295,480	856,858	10,152,338
Non-personnel expenses:			
Books and supplies	587,557	30,829	618,386
Travel and conference	172,995	23,949	196,944
Dues and memberships	14,147	26,726	40,873
Insurance	34,810	103,491	138,301
Equipment lease	99,237	46,267	145,504
Professional services	2,083,740	530,893	2,614,633
Communications	101,182	18,188	119,370
Operation services	15,718	786,595	802,313
Depreciation	-	195,428	195,428
Amortization	415,383	-	415,383
Interest on lease liability	1,037,955	-	1,037,955
Debt service - interest	1,013,502	-	1,013,502
Equipment	335,854	-	335,854
Repairs and maintenance	149,068	-	149,068
Other outgo	175	83	258
Total non-personnel expenses	6,061,323	1,762,449	7,823,772
TOTAL EXPENSES	$ 15,356,803	$ 2,619,307	$ 17,976,110

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

HARBOR SPRINGS CHARTER SCHOOL
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$	(431,195)
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:		
Depreciation		195,428
Interest on lease liability		1,037,955
Amortization		415,383
(Increase)/Decrease in operating assets:		
Accounts receivable		(3,669,795)
Prepaid expenses		(13,476)
Other current assets		478,518
Security deposits		20,000
Increase/(Decrease) in operating liabilities:		
Accounts payable		413,470
Deferred revenue		(21,200)
Compensated absences		9,530
Net cash provided by/(used in) operating activities		(1,565,382)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net disposal/(purchase) of capital assets		(3,502,476)
Net cash provided by/(used in) investing activities		(3,502,476)
CASH FLOWS FROM FINANCING ACTIVITIES		
Debt issuance costs		25,437
Interest expense from amortization of debt issuance items		477,288
Payment of lease liabilities		(792,491)
Net cash provided by/(used in) financing activities		(289,766)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(5,357,624)
CASH AND CASH EQUIVALENTS, BEGINNING		13,291,027
CASH AND CASH EQUIVALENTS, ENDING	$	7,933,403
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	$	1,013,502

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Harbor Springs Charter School (the "Organization") was formed as a nonprofit public benefit corporation on April 30, 2013 for the purpose of operating Harbor Springs Charter School (the "Harbor Springs Charter") a California public charter school located in San Diego County. In the 2018-19 school year, the Organization began two new additional California public charter schools formed in San Diego County, Pacific Springs Charter School ("Pacific Springs Charter") and Vista Springs Charter School ("Vista Springs Charter") in addition to the Harbor Springs Charter. The Organization now operates these three public charter schools within San Diego County.

The Harbor Springs Charter was authorized by Julian Union Elementary School District in April 2013 for an initial five-year charter term ended June 30, 2018. The Harbor Springs Charter was then approved by the State Board of Education in July 2013 as California Charter No. 1589. The charter term has been renewed and the current charter term expires June 30, 2026. The Harbor Springs Charter provides three educational programs: Homeschool, Keys College Prep and Venture Online. Funding sources primarily consist of state apportionments and grants, local in lieu of property tax revenues, federal grants, and grants and donations from the public. During the year ended June 30, 2025, Harbor Springs Charter served approximately 299 students in grades TK to 12.

The Pacific Springs Charter was authorized by the San Diego County Office of Education in May 2018 for an initial five-year charter term ended June 30, 2023. The Pacific Springs Charter was then approved by the State Board of Education in July 2018 as California Charter No. 1989. The charter term has been extended and the current charter term expires June 30, 2027. The Pacific Springs Charter provides two educational programs: Homeschool and the Otay Ranch Academy For The Arts. Funding sources primarily consist of state apportionments and grants, local in lieu of property tax revenues, federal grants, and grants and donations from the public. During the year ended June 30, 2025, Pacific Springs Charter served approximately 489 students in grades TK to 8.

The Vista Springs Charter was authorized by the State Board of Education in February 2018 for an initial five-year charter term ended June 30, 2023, and was granted a charter number by the State Board of Education in July 2018 as California Charter No. 1968. The charter term has been extended and the current charter term expires June 30, 2026. The Vista Springs Charter provides four educational programs: La Fuente Dual Immersion Academy, Vista Mosaic Academy, Keys, and Homeschool. Funding sources primarily consist of state apportionments and grants, local in lieu of property tax revenues, federal grants, and grants and donations from the public. During the year ended June 30, 2025, Vista Springs Charter served approximately 251 students in grades TK to 12.

Other Related Entities

Pacific Springs Facilities LLC (LLC I) is a California limited liability company whose sole member is the Organization. On January 18, 2023, LLC I was organized exclusively for charitable purposes as specified in the *Internal Revenue Code*, as amended, and the *California Revenue & Taxation Code* Section 214. LLC I was organized with the purpose of holding title to certain school facilities financed with the proceeds of the CSFA Series 2024 AB Bonds (see Note 9) and leased to the Organization.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Accounting

The Organization's policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when cash is received, and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions. Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions. Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2025, the Organization did not have net assets with donor restrictions.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities and changes in net assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures, such as depreciation expense and the net book value of capital assets. Accordingly, actual results could differ from those estimates.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel costs and occupancy expenses are allocated based on time and effort. The financial statements also report categories of expenses that are attributed to program service activities or supporting services activities. These expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

Contributions

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the existence or nature of any donor restrictions.

Non-cash contributions of goods, materials, and facilities are recorded at fair value at the date of contribution. Contributed services are recorded at fair value at the date of contribution if they are used to create or enhance a non-financial asset or require specialized skills, are provided by someone possessing those skills, and would have to be purchased by the Organization if not donated.

Payment in Lieu of Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County bills and collects the taxes for the authorizing agency. In lieu of distributing funds out of property tax proceeds, the authorizing agency makes monthly payments to the Organization. Revenues are recognized by the Organization when earned.

Cash and Cash Equivalents

The Organization considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents. The Organization's method of accounting for most investments is the fair value method. Fair value is determined by published quotes when they are readily available. Cash equivalents also include cash with county treasury balances for purposes of the consolidated statement of cash flows. Fair values of cash in county treasury are determined by the program sponsor. Gains and losses resulting from adjustments to fair values are included in the accompanying consolidated statement of activities and changes in net assets.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts. Such factors include the relationship of the allowance for doubtful accounts to accounts receivable and current economic conditions. Based on review of these factors, the Organization establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2025, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

Prepaid Expenses

Prepaid expenses are recorded at the carrying amount(s) as of financial position date. Prepaid expenses are made in advance of when the economic benefit of the cost will be realized, and which will be expensed in future periods with the passage of time or when a triggering event occurs.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

Right-of-Use Asset and Lease Liability

The Organization has recorded Right-of-Use ("ROU") asset and lease liability as a result of implementing the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2021-09, *Leases* (Topic 842). ROU asset represents the right to use an underlying asset for the lease term and lease liability represents the obligation to make lease payments arising from the lease. ROU asset and lease liability are recognized at the lease commencement date and are based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, a risk-free rate is utilized in lieu of determining an incremental borrowing rate at the commencement date in deciding the present value of lease payments. The ROU asset also include any lease payments made and exclude lease incentives. Amortization expense is recognized on a straight-line basis over the lease term. Lease agreements with lease and non-lease components are generally accounted for separately.

Capital Assets

The Organization has adopted a policy to capitalize asset purchases over $5,000. Lesser amounts are expensed. Donations of capital assets are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose or is requiring the Organization to hold the asset for a specified period of time. Capital assets are depreciated using the straight-line method over the estimated useful life of the depreciable assets. The building and improvements have an estimated useful life of 15 years, furniture and equipment have an estimated useful life of 5 years. Capital assets are fully depreciated as of June 30, 2025.

Accounts payable

Accounts payable are amounts owed to vendors or suppliers for services incurred for which payment is made in a timely manner and in full, from current financial resources.

Deferred Revenue

Deferred revenue arises when potential revenue does not meet the criteria for recognition in the current period and when resources are received by the Organization prior to the incurrence of expenses. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the consolidated statement of financial position and revenue is recognized.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the consolidated statement of financial position. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue Recognition

The Organization receives Federal, State and local revenues for their various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. Amounts received from the California Department of Education are recognized as revenue by the Organization based on the average daily attendance of students. Unearned revenue is recorded to the extent cash received on grants exceeds qualified expenses. Some government grants are based on reimbursable costs as defined by the grants. Reimbursements recorded under these grants are subject to audit by the granting agency. Management believes that no material adjustments will result from subsequent audits of costs reflected in the accompanying financial statements. Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Donor-restricted revenues whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Income Taxes

The Organization is a 509(a)(1) publicly supported nonprofit organization that is exempt from income taxes under Section 501(a) and 501(c)(3) of the *Internal Revenue Code* and classified by the Internal Revenue Service as other than a private foundation. The Organization is exempt from state franchise or income tax under Section 23701(d) of the *California Revenue and Taxation Code*. As a school, the Organization is not required to register with the California Attorney General as a charity.

The Organization's management believes all of its significant tax positions would be upheld under examination; therefore, no provision for income tax has been recorded. The Organization's information and/or tax returns are subject to examination by the regulatory authorities for up to four years from the date of filing.

Fair Value Measurements

The Fair Value Measurements Topic of the FASB *Accounting Standards Codification* establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2025, consist of the following:

	Harbor Springs Charter	Pacific Springs Charter	Pacific Springs Facilities LLC	Vista Springs Charter	Harbor Springs Charter School
Cash in county treasury	$ 489,166	$ 151,039	$ -	$ 224,561	$ 864,766
Cash with fiscal agent	-	-	467,339	-	467,339
Cash in banks, interest bearing	3,969,174	1,255,234	-	1,376,890	6,601,298
Total Cash and Cash Equivalents	$ 4,458,340	$ 1,406,273	$ 467,339	$ 1,601,451	$ 7,933,403

Cash in Banks

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, an organization's deposits may not be returned to it. The Organization does not have a policy for custodial credit risk for deposits. The FDIC insures up to $250,000 per depositor per insured bank. As of June 30, 2025, deposits in excess of the FDIC limit amount to $5,937,874. These excess deposits are fully collateralized, and management believes the Organization is not exposed to any significant custodial credit risk.

Cash in County Treasury

Policies and Practices

The Organization is a voluntary participant in an external investment pool. The fair value of the Organization's investment in the pool is reported in the financial statements at amounts based upon the Organization's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio in relation to the amortized cost of that portfolio. The balance available for withdrawal is recorded on the amortized cost basis and is based on the accounting records maintained by the County Treasurer.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of the investment, the greater the sensitivity of its fair value to changes in the market interest rates. The Organization has managed its exposure to interest rate risk by investing in the County Treasury. The Organization's investments in the San Diego County Investment Pool, which combines the Organization's share of the portfolio, has a combined fair value of $865,178 and an amortized book value of $864,766 as of June 30, 2025. The average weighted maturity for this pool is 562 days.

Fair Value Measurement

Investments in the San Diego County Treasury Investment Pool are not measured using the fair value input levels described in Note 1. The investment is considered uncategorized because the Organization's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

NOTE 2 – CASH AND CASH EQUIVALENTS, continued

Cash in County Treasury, continued

General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest Organization funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies examples of the investment types permitted in the *California Government Code*:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date. Amounts not available include amounts set aside for program services that could be drawn upon if the Board of Directors approves that action.

	Harbor Springs Charter	Pacific Springs Charter	Pacific Springs Facilities LLC	Vista Springs Charter	Harbor Springs Charter School
Financial assets, at year-end:					
Cash and cash equivalents	$ 4,458,340	$ 1,406,273	$ 467,339	$ 1,601,451	$ 7,933,403
Accounts receivable	2,433,951	1,920,783	55,830	1,116,790	5,527,354
Financial assets available to meet cash needs for general expenditures within one year	$ 6,892,291	$ 3,327,056	$ 523,169	$ 2,718,241	$ 13,460,757

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2025, consists of the following:

	Harbor Springs Charter	Pacific Springs Charter	Pacific Springs Facilities LLC	Vista Springs Charter	Harbor Springs Charter School
Federal sources	$ 70,092	$ 111,274	$ -	$ 51,379	$ 232,745
State lottery	47,662	36,171	-	18,073	101,906
Other state sources	18,447	11,919	-	131,603	161,969
Due from affiliates*	201,735	1,237,542	-	581,614	2,020,891
LCFF funds	-	-	-	307,538	307,538
LCFF - EPA	360,441	242,365	-	-	602,806
LCFF - local property taxes	133,219	133,222	-	-	266,441
Other local sources	1,602,355	148,290	55,830	26,583	1,833,058
Total Accounts Receivable	$ 2,433,951	$ 1,920,783	$ 55,830	$ 1,116,790	$ 5,527,354

*Refer to Note 12 regarding related party transactions.

NOTE 5 – CAPITAL ASSETS

A summary of activity related to capital assets during the year ended June 30, 2025, consists of the following:

Harbor Springs Charter School	**Balance July 1, 2024**	**Additions**	**Deductions**	**Balance June 30, 2025**
Capital Assets Not Being Depreciated				
Land	$ 7,000,000	$ -	$ -	$ 7,000,000
Construction in progress	-	3,482,117	-	3,482,117
Total Capital Assets Not Being Depreciated	7,000,000	3,482,117	-	10,482,117
Capital Assets Being Depreciated				
Buildings and improvements	6,265,829	13,826	-	6,279,655
Furniture and equipment	289,803	6,533	-	296,336
Total Capital Assets Being Depreciated	6,555,632	20,359	-	6,575,991
Less: Accumulated Depreciation	406,794	195,428	-	602,222
Capital Assets, Net	$ 13,148,838	$ 3,307,048	$ -	$ 16,455,886

Harbor Springs Charter	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Capital Assets Being Depreciated				
Buildings and improvements	$ 54,230	$ -	$ -	$ 54,230
Furniture and equipment	210,038	-	-	210,038
Total Capital Assets Being Depreciated	264,268	-	-	264,268
Less: Accumulated Depreciation	264,268	-	-	264,268
Capital Assets, Net	$ -	$ -	$ -	$ -

NOTE 5 – CAPITAL ASSETS, continued

A summary of activity related to capital assets during the year ended June 30, 2025, consists of the following, continued:

Pacific Springs Charter	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Capital Assets Not Being Depreciated				
Land	$ -	$ -	$ -	$ -
Construction in progress	-	557,543	-	557,543
Total Capital Assets Not Being Depreciated	-	557,543	-	557,543
Capital Assets Being Depreciated				
Buildings and improvements	68,640	-	-	68,640
Furniture and equipment	32,838	-	-	32,838
Total Capital Assets Being Depreciated	101,478	-	-	101,478
Less: Accumulated Depreciation	42,549	19,774	-	62,323
Capital Assets, Net	$ 58,929	$ 537,769	$ -	$ 596,698

Pacific Springs Facilities LLC	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Capital Assets Not Being Depreciated				
Land	$ 7,000,000	$ -	$ -	$ 7,000,000
Construction in progress	-	2,924,574	-	2,924,574
Total Capital Assets Not Being Depreciated	7,000,000	2,924,574	-	9,924,574
Capital Assets Being Depreciated				
Buildings and improvements	5,940,526	-	-	5,940,526
Furniture and equipment	-	-	-	-
Total Capital Assets Being Depreciated	5,940,526	-	-	5,940,526
Less: Accumulated Depreciation	62,791	150,700	-	213,491
Capital Assets, Net	$ 12,877,735	$ 2,773,874	$ -	$ 15,651,609

Vista Springs Charter	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Capital Assets Being Depreciated				
Buildings and improvements	$ 202,433	$ 13,826	$ -	$ 216,259
Furniture and equipment	46,927	6,533	-	53,460
Total Capital Assets Being Depreciated	249,360	20,359	-	269,719
Less Accumulated Depreciation	37,186	24,954	-	62,140
Capital Assets, net	$ 212,174	$ (4,595)	$ -	$ 207,579

NOTE 6 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2025, consists of the following:

	Harbor Springs Charter	Pacific Springs Charter	Pacific Springs Facilities LLC	Vista Springs Charter	Harbor Springs Charter School
Due to affiliates*	$ 1,603,268	$ 114,038	$ -	$ 103,785	$ 1,821,091
Other payroll-related	29,953	30,620	-	14,867	75,440
Vendor payables	418,000	179,702	-	86,204	683,906
Total Accounts Payable	$ 2,051,221	$ 324,360	$ -	$ 204,856	$ 2,580,437

*Refer to Note 12 regarding related party transactions.

NOTE 7 – DONATED MATERIALS AND SERVICES

During the year, many parents and other individuals donated significant amounts of time and services to the Organization in an effort to advance the Organization's programs and objectives. These services have not been recorded in the Organization's financial statements because they do not meet the criteria required by generally accepted accounting principles.

NOTE 8 – LEASES

The Organization leases certain real property for the operation of charter schools with various terms under long-term, non-cancelable operating lease agreements. The leases expire at various dates through June 2063 and provide renewal options. The Organization included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The agreements generally require the Organization to pay insurance and repairs.

The Organization elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate.

The Organization has elected the short-term lease exemption for all leases with a term of twelve (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 has real property short term lease agreements for the years ended June 30, 2025.

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

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

	Harbor Springs Charter	Pacific Springs Charter	Pacific Springs Facilities LLC	Vista Springs Charter	Total
Financing lease					
Interest expense	$ -	$ 934,153	$ -	$ 103,802	$ 1,037,955
Amortization of right-of-use asset	-	142,277	-	273,106	415,383

NOTE 8 – LEASES, continued

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

	Harbor Springs Charter	Pacific Springs Charter	Pacific Springs Facilities LLC	Vista Springs Charter	Total
Operating cash flows from finance leases	$ -	$ 485,477	$ -	$ 376,908	$ 862,385

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

	Harbor Springs Charter	Pacific Springs Charter	Pacific Springs Facilities LLC	Vista Springs Charter
Weighted-average remaining lease term:				
Finance lease	N/A	38 years	N/A	7 years
Weighted-average discount rate:				
Finance lease	N/A	5%	N/A	5%

The future minimum lease payments under non-cancelable leases with terms greater than one year are listed below as of June 30, 2025.

Pacific Springs Charter	
Year Ending June 30,	Finance lease
2026	$ 1,107,755
2027	1,102,583
2028	1,107,059
2029	1,105,484
2030	1,105,307
Thereafter	36,412,225
Total lease payments	41,940,413
Less: interest	(23,091,568)
Present value of lease liabilities	$ 18,848,845

Vista Springs Charter	
Year Ending June 30,	Finance lease
2026	$ 376,908
2027	376,908
2028	376,908
2029	376,908
Thereafter	753,816
Total lease payments	2,261,448
Less: interest	(303,050)
Present value of lease liabilities	$ 1,958,398

NOTE 9 – BONDS PAYABLE

A summary of activity for long-term liabilities associated with bonds payable during the fiscal year ended June 30, 2025, consists of the following:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Balance Due In One Year
Bonds Payable:					
Series 2024 AB	$ 17,260,000	$ -	$ -	$ 17,260,000	$ -
Less: Unamortized Items:					
Issuance costs	(992,124)	25,437	-	(966,687)	25,437
Total Bonds Payable	$ 16,267,876	$ 25,437	$ -	$ 16,293,313	$ 25,437

Series 2024 AB

On January 31, 2024, the Organization issued a series of bonds through the California School Finance Authority (CSFA) detailed in loan and bond purchase agreements. The bonds, designated as the Charter School Revenue Bonds (Harbor Springs Obligated Group), include Series 2024A, in an aggregate principal amount of $16,375,000 in
tax-exempt bonds and Series 2024B in taxable term bonds totaling $530,000. The bonds mature on July 1, 2063, with interest rates of 5.00% to 5.63%. The Organization has committed to having funds intercepted by the State Controller to service the debt.

Expected future payments of principal and interest on the outstanding balance attributed to Series 2024 AB are as follows:

	Series 2024 AB		
Year Ending June 30,	**Principal**	**Interest**	**Total**
2026	$ -	$ 954,575	$ 954,575
2027	145,000	949,500	1,094,500
2028	150,000	939,175	1,089,175
2029	165,000	928,150	1,093,150
2030 - 2034	975,000	4,488,700	5,463,700
2035 - 2039	1,240,000	4,212,375	5,452,375
2040 - 2044	1,590,000	3,848,538	5,438,538
2045 - 2049	2,070,000	3,348,750	5,418,750
2050 - 2054	2,710,000	2,694,800	5,404,800
Thereafter	8,215,000	2,517,213	10,732,213
Total	$ 17,260,000	$ 24,881,776	$ 42,141,776

NOTE 10 – EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. In accordance with *California Education Code* 47605, charter schools have the option of participating in such plans if an election to participate is specified within the charter petition. The Organization has made such election. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and non-certificated employees are members of the California Public Employees' Retirement System (CalPERS). The Organization also offers social security as an alternative plan for employees who may not qualify for CalSTRS or CalPERS retirement plans.

California State Teachers' Retirement System (CalSTRS)

Plan Description

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. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard, Sacramento, California 95826 or www.calstrs.com.

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.21% of their salary. The required employer contribution rate for fiscal year 2025 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization's contributions to CalSTRS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2024-25	$ 1,082,941	100%
2023-24	$ 1,000,627	100%
2022-23	$ 863,309	100%

On-Behalf Payments

The State of California makes direct on-behalf payments for retirement benefits to CalSTRS on behalf of all school agencies in California. The amount of on-behalf payments made for the Organization is estimated at $493,949 which is computed as the proportionate share of total 2024-25 State on-behalf contributions.

NOTE 10 – EMPLOYEE RETIREMENT PLANS, continued

California Public Employees' Retirement System (CalPERS)

Plan Description

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, within 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 Q Street, Sacramento, California 95811 or www.calpers.ca.gov.

Funding Policy

Active plan members, who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA), specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 8.5% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The Organization 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 for fiscal year 2024-25 was 27.05%. The contribution requirements of the plan members are established by state statute. The Organization's contributions to CalPERS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2024-25	$ 411,712	100%
2023-24	$ 331,420	100%
2022-23	$ 288,671	100%

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Governmental Funds

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 expenditure disallowances under terms of the grants, it is believed that any required reimbursements would not be material.

NOTE 11 – COMMITMENTS AND CONTINGENCIES, continued

Multi-employer Defined Benefit Plan Participation
Under current law on multi-employer defined benefit plans, the Organization's voluntary withdrawal from any underfunded multi-employer defined benefit plan would require the Organization to make payments to the plan, which would approximate the Organization's proportionate share of the multi-employer plan's unfunded vested liabilities. CalSTRS has estimated that the Organization's share of withdrawal liability is $5,311,804 or a proportionate share of 0.00794% as of June 30, 2025. Also as of June 30, 2025, CalPERS has estimated the Organization's share of withdrawal liability to be $2,382,474 or a proportionate share of 0.006679%. The Organization does not currently intend to withdraw from CalSTRS or CalPERS. Refer to Note 10 for additional information on employee retirement plans.

Joint Powers Agency (JPA)
During the year ended June 30, 2025, all Charter Schools participated in a joint venture with CharterSafe. CharterSafe arranges for insurance coverage related to property, general liability, automobile, worker's compensation, and other miscellaneous liability coverage specific to operation of a charter school. The relationship between the Organization and the JPA is such that the JPA is not financially inter-related to the Organization for financial reporting purposes.

NOTE 12 – RELATED PARTY TRANSACTIONS

Authorizing Agency

Harbor Springs Charter makes payments to the authorizing agency, Julian Union Elementary School District, to provide required services for oversight. Fees associated with oversight consisted of one percent of revenue from local control funding formula sources (state aid and local in-lieu property taxes). Total fees paid to the authorizing agency for oversight amounted to $85,139 for the fiscal year ending June 30, 2025.

Pacific Springs Charter makes payments to the authorizing agency, San Diego County Office of Education, to provide required services for special education and other purchased services in addition to fees for oversight. Fees associated with oversight consisted of one percent of revenue from local control funding formula sources. Total fees paid to the authorizing agency for oversight amounted to $58,669 for the fiscal year ended June 30, 2025.

Vista Springs Charter makes payments to the authorizing agency, State Board of Education, to provide required services for special education and other purchased services in addition to fees for oversight. Fees associated with oversight consisted of one percent of revenue from local control funding formula sources. Total fees paid to the authorizing agency for oversight amounted to $32,034 for the fiscal year ended June 30, 2025.

Affiliated Organizations

Springs Charter Schools, Inc.
Springs Charter Schools, Inc. ("SCS, Inc.") is a nonprofit public benefit corporation organized for the purpose of advancing SCS, Inc. Per the Organization's bylaws, SCS, Inc.'s status as the sole statutory member of the Organization provides the right to elect or appoint members of the Board of Directors. SCS, Inc. is also the sole statutory member of Empire Springs Charter School and Citrus Springs Charter School, separate nonprofit organizations operating as California public charter schools.

NOTE 12 – RELATED PARTY TRANSACTIONS, continued

Affiliated Organizations, continued

Empire Springs Charter School
During the fiscal year ended June 30, 2025, Empire Springs Charter School paid for certain shared operational costs including on behalf of the Organization. A payable in the amount of $65,774 was due to Empire Springs Charter School at June 30, 2025. A receivable in the amount of $313,351 was due from Empire Springs Charter School as of June 30, 2025.

River Springs Charter School
River Springs Charter School is a separate non-profit organization operating River Springs Charter School, a California charter school. River Springs Charter School holds a memorandum of understanding (MOU) with Harbor Springs Charter as well as Citrus Springs Charter School and Empire Springs Charter School for senior leadership whereby the organizations share senior leadership employees with River Springs Charter School. The Organization directly pays for its proportionate share of salaries and benefits to the employees in senior leadership positions. Senior leadership includes Assistant Superintendents for the following departments: Business, Administrative Operations, Personnel, Pupil Services, Education-Academies, Homeschool/Personalized Learning, and IT/Facilities. The MOU also allows for other on-loan employees, as necessary. The Superintendent holds a contract, separate than that of the MOU, that is approved by each organization's Board of Directors. As of June 30, 2025, the Organization held a payable due to River Springs Charter School for $193,270 in connection with the MOU. A receivable in the amount of $145,882 was due from River Springs Charter School as of June 30, 2025 for reimbursements of expenses incurred on behalf of the Charter.

Citrus Springs Charter School
During the fiscal year ended June 30, 2025, Citrus Springs Charter School paid for certain shared operational costs including on behalf of the Organization. A payable in the amount of $492 was due to Citrus Springs Charter School as of June 30, 2025. A receivable in the amount of $200 was due from Citrus Springs Charter School at June 30, 2025.

Due to and from Affiliates

As previously mentioned, the Organization is involved in transactions with its related entities. A summary of the amounts recorded as payables and receivables due to and from affiliates as of June 30, 2025 is as follows:

Affiliated Organization	Payable	Receivable
Empire Springs Charter School	$ 65,774	$ 313,351
River Springs Charter School	193,270	145,882
Citrus Springs Charter School	492	200
Springs Charter Schools, Inc.	-	1,089
Total Due to/from Affiliates	$ 259,536	$ 460,522

NOTE 12 – RELATED PARTY TRANSACTIONS, continued

Interagency Activity

Pacific Springs Charter
At June 30, 2025, a receivable in the amount of $14,769 was due from Pacific Springs Charter to Harbor Springs Charter and a payable in the amount of $1,013,328 was due to Pacific Springs Charter from Harbor Springs Charter.

Vista Springs Charter
At June 30, 2025, a receivable in the amount of $12,992 was due from Vista Springs Charter to Harbor Springs Charter and a payable in the amount of $518,742 was due to Vista Springs Charter from Harbor Springs Charter.

NOTE 13 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events for the period from June 30, 2025 through December 3, 2025, the date the financial statements were available to be issued. There were no subsequent events identified that warranted disclosure.

SUPPLEMENTARY INFORMATION

HARBOR SPRINGS CHARTER SCHOOL
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	Harbor Springs Charter	Pacific Springs Charter	Pacific Springs Facilities LLC	Vista Springs Charter	Harbor Springs Charter School
ASSETS					
Current assets:					
Cash and cash equivalents	$ 4,458,340	$ 1,406,273	$ 467,339	$ 1,601,451	$ 7,933,403
Accounts receivable	2,433,951	1,920,783	55,830	1,116,790	5,527,354
Prepaid expenses	29,542	61,409	-	57,237	148,188
Other current assets	-	25,500	-	-	25,500
Total current assets	6,921,833	3,413,965	523,169	2,775,478	13,634,445
Non-current assets:					
Security deposits	23,700	-	-	-	23,700
Right-of-use assets, net	-	17,742,898	-	1,958,398	19,701,296
Capital assets, net	-	596,698	15,651,609	207,579	16,455,886
Total non-current assets	23,700	18,339,596	15,651,609	2,165,977	36,180,882
TOTAL ASSETS	6,945,533	21,753,561	16,174,778	4,941,455	49,815,327
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	$ 2,051,221	$ 324,360	$ -	$ 204,856	$ 2,580,437
Deferred revenue	48,592	92,127	-	80,214	220,933
Compensated absences	20,851	6,512	-	-	27,363
Lease liabilities, current portion	-	1,107,755	-	376,908	1,484,663
Total current liabilities	2,120,664	1,530,754	-	661,978	4,313,396
Non-current liabilities:					
Bonds payable	-	-	17,260,000	-	17,260,000
Less: unamortized items	-	-	(966,687)	-	(966,687)
Bond interest payable	-	-	477,288	-	477,288
Lease liabilities, non-current portion	-	17,741,090	-	1,581,490	19,322,580
Compensated absences	-	-	-	3,311	3,311
Total non-current liabilities	-	17,741,090	16,770,601	1,584,801	36,096,492
Total liabilities	2,120,664	19,271,844	16,770,601	2,246,779	40,409,888
Net assets:					
Without donor restriction	4,824,869	2,481,717	(595,823)	2,694,676	9,405,439
Total net assets	4,824,869	2,481,717	(595,823)	2,694,676	9,405,439
TOTAL LIABILITIES AND NET ASSETS	$ 6,945,533	$ 21,753,561	$ 16,174,778	$ 4,941,455	$ 49,815,327

See accompanying note to supplementary information.

HARBOR SPRINGS CHARTER SCHOOL
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2025

	Harbor Springs Charter	Pacific Springs Charter	Pacific Springs Facilities LLC	Vista Springs Charter	Eliminations	Harbor Springs Charter School
SUPPORT AND REVENUES						
Federal and state support revenues:						
Local control funding formula, state aid	$ 3,245,978	$ 3,412,333	$ -	$ 3,203,438	$ -	$ 9,861,749
Federal revenues	111,393	218,819	-	130,247	-	460,459
Other state revenues	180,956	289,612	-	573,130	-	1,043,698
Total federal and state support and revenues	3,538,327	3,920,764	-	3,906,815	-	11,365,906
Local support and revenues:						
Payments in lieu of property taxes	369,485	2,436,944	-	-	-	2,806,429
Investment income, net	147,696	320,957	95,158	159,464	-	723,275
Rental income	-	-	485,477	-	(485,477)	-
Other local revenues	356,315	1,586,902	-	706,088	-	2,649,305
Total local support and revenues	873,496	4,344,803	580,635	865,552	(485,477)	6,179,009
TOTAL SUPPORT AND REVENUES	4,411,823	8,265,567	580,635	4,772,367	(485,477)	17,544,915
EXPENSES						
Program services	3,520,143	7,206,463	1,013,502	3,616,695	-	15,356,803
Management and general	799,318	1,857,445	150,700	297,321	(485,477)	2,619,307
TOTAL EXPENSES	4,319,461	9,063,908	1,164,202	3,914,016	(485,477)	17,976,110
CHANGES IN NET ASSETS	92,362	(798,341)	(583,567)	858,351	-	(431,195)
NET ASSETS, BEGINNING	4,732,507	3,280,058	(12,256)	1,836,325	-	9,836,634
NET ASSETS, ENDING	$ 4,824,869	$ 2,481,717	$ (595,823)	$ 2,694,676	$ -	$ 9,405,439

See accompanying note to supplementary information.

HARBOR SPRINGS CHARTER SCHOOL
CHARTER ORGANIZATIONAL STRUCTURE
FOR THE YEAR ENDED JUNE 30, 2025

GOVERNING BOARD

Name	Office	Term Expiration
Barbara "BJ" Heath	Chair	June 30, 2025
Collin Harrison	Vice Chair	June 30, 2026
Lauren Rugge	Treasurer	June 30, 2027
Reginald Waldington	Secretary	June 30, 2027
Michelle Nagelvoort	Director	June 30, 2028
Justin Moldenhauer	Director	June 30, 2025
Debbie Daniel	Director	June 30, 2026

ADMINISTRATION

Dr. Kathleen Hermsmeyer *Superintendent*	Amy Podratz *Assistant Supt., Administrative Operations*	Tanya Rogers *Assistant Supt., Business*
Dr. Vivian Price *Assistant Supt., Education*	Michelle Sapanara *Assistant Supt., Pupil Services*	Virginia Smith *Assistant Supt., Human Resources*

See accompanying note to supplementary information.

HARBOR SPRINGS CHARTER SCHOOL
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2025

	Harbor Springs Charter		Pacific Springs Charter		Vista Springs Charter		Harbor Springs Charter School	
	Second Period Report	Annual Report	Second Period Report	Annual Report	Second Period Report	Annual Report	Second Period Report	Annual Report
Certificate No.	**5BE49663**	**275BB1C**	**E41FE1A1**	**C68514C2**	**C3047623**	**A7E4E9D9**		
Non-Classroom Based ADA:								
Grades TK/K through 3	107.00	105.14	234.18	229.40	103.45	103.45	444.63	437.99
Grades 4 through 6	68.58	71.89	161.87	165.05	49.84	50.95	280.29	287.89
Grades 7 and 8	51.04	50.51	90.61	92.18	27.10	27.47	168.75	170.16
Grades 9 through 12	57.68	60.19	-	-	-	-	57.68	60.19
Total Non-Classroom Based ADA	284.30	287.73	486.66	486.63	180.39	181.87	951.35	956.23
Classroom Based ADA:								
Grades TK/K through 3	-	-	-	-	34.80	32.80	34.80	32.80
Grades 4 through 6	-	-	-	-	15.70	15.86	15.70	15.86
Grades 7 and 8	-	-	-	-	11.21	11.53	11.21	11.53
Total Classroom Based ADA	-	-	-	-	61.71	60.19	61.71	60.19
Average Daily Attendance Total	284.30	287.73	486.66	486.63	242.10	242.06	1,013.06	1,016.42

See accompanying note to supplementary information.

HARBOR SPRINGS CHARTER SCHOOL
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2025

Vista Springs Charter					
		2024-25	Number of Days		
Grade Level	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	Status
Kindergarten	36,000	59,865	175	N/A	Complied
Grade 1	50,400	59,865	175	N/A	Complied
Grade 2	50,400	59,865	175	N/A	Complied
Grade 3	50,400	59,865	175	N/A	Complied
Grade 4	54,000	59,865	175	N/A	Complied
Grade 5	54,000	59,865	175	N/A	Complied
Grade 6	54,000	59,865	175	N/A	Complied
Grade 7	54,000	55,095	175	N/A	Complied
Grade 8	54,000	55,095	175	N/A	Complied

Harbor Springs Charter and Pacific Springs Charter don't offer in-person sessions, instruction time schedules are not required.

See accompanying note to supplementary information.

HARBOR SPRINGS CHARTER SCHOOL
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (UNAUDITED ACTUALS) WITH AUDITED FINANCIAL STATEMENTS
JUNE 30, 2025

There were no reconciling items to the audited financial statements for the year ended June 30, 2025.

NOTE 1 – PURPOSE OF SCHEDULES

A. Consolidating Statement of Financial Position and Consolidating Statement of Activities and Changes in Net Assets

The Consolidating Statement of Financial Position and Consolidating Statement of Activities and Changes in Net Assets report the activities of the Organization and are presented on the accrual basis of accounting. Eliminating entries in the Consolidating Statement of Financial Position and Consolidating Statement of Activities and Changes in Net Assets are for activities between the Organization and the related entities.

B. Charter Organizational Structure

This schedule provides information about the Organization's authorizing agency, grades served, members of the governing body, and members of the administration.

C. Schedule of Average Daily Attendance (ADA)

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

D. 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* Section 46201 through 46206.

E. Reconciliation of Annual Financial and Budget Report (Unaudited Actuals) with Audited Financial Statements

This schedule provides the information necessary to reconcile fund balance reported in the Charter Schools Enterprise Fund on the Annual Financial and Budget Report (Unaudited Actuals) to net assets on the audited financial statements.

OTHER INDEPENDENT AUDITORS' REPORTS

CWDL

INDEPENDENT AUDITORS' 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
Harbor Springs Charter School
Temecula, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the consolidated financial statement of Harbor Springs Charter School (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statement of activities and changes in net assets, functional expenses and cash flows for the year then ended and the related notes to financial statements, and have issued our report thereon dated December 3, 2025.

Report on Internal Controls 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 opinions 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 Organization's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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.



San Diego, California
December 3, 2025

CWDL

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAM

To the Board of Directors
Harbor Springs Charter School
Temecula, California

Report on State Compliance

Opinion on State Compliance

We have audited Harbor Springs Charter School's (the "Organization") compliance with the types of compliance requirements described 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, that could have a direct and material effect on each of the Organization's state programs for the fiscal year ended June 30, 2025, as identified below.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that are applicable to 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 *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditors' 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. 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 compliance with the requirements described in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

Auditors' 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 *2024-25 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 2024-25 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 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 *2024-25 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 control over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine the Organization's compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME		PROCEDURES PERFORMED
School Districts, County Offices of Education, and Charter Schools:		
T.	Proposition 28 Arts and Music in Schools	Yes
U.	After/Before School Education and Safety Program	Not applicable
V.	Proper Expenditure of Education Protection Account Funds	Yes
W.	Unduplicated Local Control Funding Formula Pupil Counts	Yes
X.	Local Control and Accountability Plan	Yes
Y.	Independent Study-Coursed Based	Not applicable
Z.	Immunizations	Not applicable
AZ.	Educator Effectiveness	Yes
BZ.	Expanded Learning Opportunities Grant (ELO-G)	Not applicable
CZ.	Career Technical Education Incentive Grant	Not applicable
DZ.	Expanded Learning Opportunities Program	Yes
EZ.	Transitional Kindergarten	Not applicable
FZ.	Kindergarten Continuance	Yes

PROGRAM NAME		PROCEDURES PERFORMED
Charter Schools:		
AA.	Attendance	Yes
BB.	Mode of Instruction	Yes
CC.	Nonclassroom-Based Instruction/Independent Study	Not applicable
DD.	Determination of Funding for Nonclassroom-Based Instruction	Yes
EE.	Annual Instructional Minutes - Classroom Based	Yes
FF.	Charter School Facility Grant Program	Yes

The term not applicable above is used to mean the Organization did not offer the program during the fiscal year or did not receive any funding for the program.

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 Auditors' 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 *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 3, 2025

FINDINGS AND QUESTIONED COSTS SECTION

HARBOR SPRINGS CHARTER SCHOOL
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2025

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	No
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

The Organization did not expend more than $750,000 in federal awards; therefore a Federal Single Audit under Uniform Grant Guidance is not applicable

STATE AWARDS

Internal control over state programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued on compliance for state programs:	Unmodified

HARBOR SPRINGS CHARTER SCHOOL
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

FIVE DIGIT CODE	AB3627 FINDING TYPES
20000	Inventory of Equipment
30000	Internal Control

There were no audit findings related to the financial statements during 2024-25.

HARBOR SPRINGS CHARTER SCHOOL
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

FIVE DIGIT CODE	AB3627 FINDING TYPES
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Program
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no audit findings and questioned costs related to state awards during 2024-25.

HARBOR SPRINGS CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

There were no audit findings and questioned costs during fiscal year 2023-24.