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CONSOLIDATED FINANCIAL STATEMENTS
RIVER SPRINGS CHARTER SCHOOL, INC. AND SUBSIDIARIES

AUDIT REPORT

June 30, 2025

858-565-2700
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RIVER SPRINGS CHARTER SCHOOL, INC. AND SUBSIDIARIES
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
River Springs Charter School, Inc. and Subsidiaries
Temecula, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of River Springs Charter School, Inc. and Subsidiaries (the "Organization") (a California Non-profit Public Benefit Corporation), 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 consolidated financial statements.

In our opinion, the consolidated 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 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.

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 consolidated 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 consolidated 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 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.

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 consolidated financial statements as a whole. The accompanying supplementary information listed in the table of contents, including 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* (Uniform Guidance), is presented for purposes of additional analysis and is 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 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

RIVER SPRINGS CHARTER SCHOOL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

ASSETS		
Current assets:		
Cash and cash equivalents	$	51,099,180
Accounts receivable		9,022,690
Prepaid expenses		1,373,427
Total current assets		61,495,297
Non-current assets:		
Security deposits		1,417,689
Capital assets, net		74,134,275
Operating lease right-of-use assets		4,746,325
Finance lease right-of-use assets		77,374,439
Total non-current assets		157,672,728
TOTAL ASSETS	$	219,168,025
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$	6,875,452
Deferred revenue		1,549,125
Operating lease liabilities, current portion		1,155,314
Finance lease liabilities, current portion		6,575,783
Total current liabilities		16,155,674
Non-current liabilities:		
Bonds payable		61,865,000
Less: unamortized items		(1,460,115)
Bond interest payable		264,750
Loans payable		19,746,019
Less: unamortized costs		(450,692)
Notes payable		3,300,000
Compensated absences		649,978
Operating lease liabilities, non-current portion		3,591,011
Finance lease liabilities, non-current portion		70,798,656
Total non-current liabilities		158,304,607
Total liabilities		174,460,281
Net assets:		
Without donor restriction		44,707,744
Total net assets		44,707,744
TOTAL LIABILITIES AND NET ASSETS	$	219,168,025

See notes to consolidated financial statements.

RIVER SPRINGS CHARTER SCHOOL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2025

SUPPORT AND REVENUES	
Federal and state support revenues:	
Local control funding formula, state aid	$ 98,974,382
Payments in lieu of property taxes	11,698
Federal revenues	6,334,012
Other state revenues	10,573,951
Total federal and state support and revenues	115,894,043
Local support and revenues:	
Investment income, net	1,160,891
Other local revenues	10,722,654
Total local support and revenues	11,883,545
TOTAL SUPPORT AND REVENUES	127,777,588
EXPENSES	
Program services	94,989,690
Management and general	32,551,159
TOTAL EXPENSES	127,540,849
CHANGE IN NET ASSETS	236,739
NET ASSETS, BEGINNING	44,471,005
NET ASSETS, ENDING	$ 44,707,744

See notes to consolidated financial statements.

RIVER SPRINGS CHARTER SCHOOL. INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services	Management and General	Total
EXPENSES			
Personnel expenses:			
Certificated salaries	$ 39,135,800	$ 829,645	$ 39,965,445
Classified salaries	10,770,481	2,748,001	13,518,482
Other employee benefits	6,761,738	386,555	7,148,293
Other employee salaries	4,268,411	20,725,387	24,993,798
Total personnel expenses	60,936,430	24,689,588	85,626,018
Non-personnel expenses:			
Books and supplies	4,641,739	220,130	4,861,869
Travel and conference	1,247,450	102,577	1,350,027
Dues and memberships	84,450	136,713	221,163
Insurance	-	1,358,371	1,358,371
Operational services	-	3,123,165	3,123,165
Occupancy	380,351	-	380,351
Professional services	5,024,176	-	5,024,176
Communications	758,340	136,105	894,445
Depreciation	-	2,784,510	2,784,510
Amortization	3,736,840	-	3,736,840
Interest on lease liabilities	4,173,914	-	4,173,914
Interest on bonds	4,103,420	-	4,103,420
Equipment	3,333,103	-	3,333,103
Meals	2,664,312	-	2,664,312
Other operating expenses and outgo	3,905,165	-	3,905,165
Total non-personnel expenses	34,053,260	7,861,571	41,914,831
TOTAL EXPENSES	$ 94,989,690	$ 32,551,159	$ 127,540,849

See notes to consolidated financial statements.

RIVER SPRINGS CHARTER SCHOOL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 236,739
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:	
Depreciation	2,784,510
Interest on lease liabilities	4,173,914
Amortization	3,736,840
(Increase)/Decrease in operating assets:	
Accounts receivable	86,425
Prepaid expenses	(225,374)
Increase/(Decrease) in operating liabilities:	
Accounts payable	1,432,245
Deferred revenue	1,036,408
Compensated absences	23,953
Net cash provided by/(used in) operating activities	13,285,660
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of capital assets	(15,215,135)
Net cash provided by/(used in) investing activities	(15,215,135)
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of notes payable	(6,700,000)
Proceeds from notes payable	10,000,000
Proceeds from issuance of loans	19,746,019
Debt issuance costs and underwriter's premium, net	(41,145)
Interest expense from amortization of debt issuance items	(340,577)
Principal payments on bonds payable	(1,140,000)
Bond interest payment	(2,500)
Payment of lease liabilities	(7,910,754)
Net cash provided by/(used in) financing activities	13,611,043
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	11,681,568
CASH AND CASH EQUIVALENTS, BEGINNING	39,417,612
CASH AND CASH EQUIVALENTS, ENDING	$ 51,099,180
SUPPLEMENTAL DISCLOSURE	
Cash paid for interest	$ 4,103,420

See notes to consolidated financial statements.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

River Springs Charter School, Inc. (the "Organization") was formed as a nonprofit public benefit corporation on June 12, 2006 for the purpose of operating a California public school located in Riverside County. River Springs Charter School (the "Charter") is a public charter school originally approved to operate by the Riverside County Office of Education in 2005, and the Charter was numbered by the State Board of Education in January 2006 as California Charter No. 0753. The Charter is a TK-12th grade public charter school redesigning the public school experience by offering each of its students a personalized academic program. The Charter operates 17 various student center locations throughout Riverside County.

The Charter is authorized to operate by the Riverside County Office of Education. The current charter term, initially approved from July 1, 2018, to June 30, 2023, was extended to June 30, 2026 under statewide pandemic legislation. A renewal petition has been submitted in accordance with Education Code requirements, with anticipated approval for a five-year renewal term beginning July 1, 2026. Funding sources primarily consist of local control funding formula sources, federal and state grants, and grants and donations from the public.

Other Related Entities

River Springs Facilities LLC

River Springs Facilities LLC (LLC I) is a California limited liability company whose sole member is the Organization. On February 16, 2022, 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 2022 AB Bonds (see Note 9 – Bonds Payable – Series 2022AB) and leased to the Organization.

River Springs Facilities II LLC

River Springs Facilities II LLC (LLC II) is a California limited liability company whose sole member is the Organization. On May 13, 2022, LLC II was organized exclusively for charitable purposes as specified in the Internal Revenue Code, as amended, and the California Revenue & Taxation Code Section 214. LLC II was organized with the purpose of holding title to certain school facilities financed with the proceeds of the CSFA Series 2022 CD Bonds (see Note 9 – Bonds Payable – Series 2022CD) and leased to the Organization.

River Springs Facilities III LLC

River Springs Facilities III LLC (LLC III) is a California limited liability company whose sole member is the Organization. On September 13, 2022, LLC III was organized exclusively for charitable purposes as specified in the Internal Revenue Code, as amended, and the California Revenue & Taxation Code Section 214. LLC III was organized with the purpose of holding title to certain school facilities financed with the proceeds of the CSFA Series 2017 Bonds and Series 2023AB Bonds (see Note 9 – Bonds Payable – Series 2017 Bonds and Note 9 – Bonds Payable – Series 2023AB Bonds) and leased to the Organization.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

Other Related Entities, continued

River Springs Facilities IV LLC

River Springs Facilities IV LLC (LLC IV) is a California limited liability company whose sole member is the Organization. On July 15, 2024, LLC IV was organized exclusively for charitable purposes as specified in the Internal Revenue Code, as amended, and the California Revenue & Taxation Code Section 214. LLC IV was organized with the purpose of holding title to certain school facilities financed with the proceeds of the 2024 Taxable Loans (see Note 9 – Bonds Payable – 2024 Taxable Loans) and leased to the Organization.

Principles of Consolidation

The consolidated financial statements include the accounts of the River Springs Charter Inc., River Springs Facilities LLC, River Springs Facilities II LLC, River Springs Facilities III LLC, and River Springs Facilities IV LLC. All significant intracompany 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 Organization's policy is to prepare its consolidated 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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

Estimates

The preparation of consolidated 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. 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 consolidated 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 consolidated 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.

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.

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 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 change in net assets.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

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 the financial position date. Prepaid expenses are expenses 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.

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.

Right-Of-Use Assets and Lease Liabilities

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 assets 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.

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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

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 statements 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 statements 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.

Notes Payable

Notes payable that are due within one year are reported as current liabilities, while portion that are due more than one year are reported as non-current liabilities.

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 organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the *Internal Revenue Code* as an organization described in Section 501(c)(3) and qualifies for the charitable contribution deduction. It is also exempt from State franchise and income taxes under Section 23701(d) of the *California Revenue and Taxation Code*. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return with the IRS.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes, continued

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 consolidated 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.

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.
Level 3 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:

Cash with fiscal agent	$	18,764,906
Cash in county treasury		1,000
Cash in banks, interest bearing		32,333,274
Total Cash and Cash Equivalents	$	51,099,180

Cash with Fiscal Agent

The Organization cash with fiscal agent consisted of funds maintained with US Bank. The accounts were established as a result of the bonds issued. The Bank acts as a fiscal agent of the Organization in order to assist in the redemption of bonds and perform various other finance-related tasks involving such bonds.

NOTE 2 – CASH AND CASH EQUIVALENTS, continued

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 consolidated 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.

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

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.

Fair Value Measurement

Investments in the Riverside County Treasury investment pools are not measured using the fair value input levels noted in Note 1 because the Organization's transactions are based on a stable net asset value per share. All contributions and redemptions are transactions at $1.00 net asset value per share.

NOTE 2 – CASH AND CASH EQUIVALENTS, continued

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's deposits are fully collateralized in the bank's governmental unit, thus, management believes the Organization is not exposed to any significant custodial credit risk related to cash in banks.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the 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 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.

Financial assets, at year-end:	
Cash and cash equivalents	$ 51,099,180
Accounts receivable	9,022,690
Financial assets available to meet cash needs for general expenditures within one year	$ 60,121,870

NOTE 4 – ACCOUNTS RECEIVABLE

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

Federal sources	$ 1,778,466
LCFF - local property taxes	11,698
Due from affiliates*	2,830,597
Other state sources	3,822,553
Other local sources	340,643
Due from LLC	238,733
Total Accounts Receivable	$ 9,022,690

*Refer to Note 8 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:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Capital Assets Not Being Depreciated				
Land	$ 10,088,976	2,403,052	$ -	$ 12,492,028
Construction in progress	355,391	2,891,723	-	3,247,114
Total Capital Assets Not Being Depreciated	10,444,367	5,294,775	-	15,739,142
Capital Assets Being Depreciated				
Land improvements	10,862,984	93,130	-	10,956,114
Buildings and improvements	45,954,363	8,501,758	-	54,456,121
Furniture and equipment	12,681,569	1,325,472	-	14,007,041
Total Capital Assets Being Depreciated	69,498,916	9,920,360	-	79,419,276
Less: Accumulated Depreciation	(18,239,633)	(2,784,510)	-	(21,024,143)
Capital Assets, Net	$ 61,703,650	$ 12,430,625	$ -	$ 74,134,275

NOTE 6 – LEASES

The Organization leases certain real property for the operation of charter schools with various terms under long-term, non-cancellable operating and finance lease agreements. The leases expire at various dates through year 2045 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 and finance 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 year 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:

Operating lease cost	$ 1,334,971
Finance lease:	
Interest expense	3,913,963
Amortization of right-of-use assets	2,661,820

NOTE 6 – LEASES, continued

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

Operating cash flows from operating leases	$ 1,334,971
Operating cash flows from finance leases	6,575,783

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

Weighted-average remaining lease term:	
Operating leases	10.9 years
Finance lease	24.7 years
Weighted-average discount rate:	
Operating leases	5%
Finance lease	5%

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

Year Ending	Operating lease	Finance lease
2026	$ 1,155,314	$ 6,575,783
2027	1,044,041	6,575,783
2028	1,020,120	6,575,783
2029	603,534	6,575,783
2030	296,630	6,575,783
Thereafter	2,453,562	98,327,306
Total lease payments	6,573,201	131,206,221
Less interest	(1,826,876)	(53,831,782)
Present value of lease liabilities	$ 4,746,325	$ 77,374,439

NOTE 7 – ACCOUNTS PAYABLE

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

Vendor payables	$ 5,600,218
Accrued payroll expenses	780,229
Due to affiliates*	495,005
Total Accounts Payable	$ 6,875,452

*Refer to Note 8 regarding related party transactions.

NOTE 8 – RELATED PARTY TRANSACTIONS

Authorizing Agency

The Organization makes payments to the authorizing agency, Riverside 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 $960,117 and total payments for special education and other services amounted to $380,635 and $168,600 for the fiscal year ended June 30, 2025.

Affiliated Organizations

The Organization holds memorandums of understanding (MOUs) with Empire Springs Charter School, Harbor Springs Charter School, Pacific Springs Charter School, Vista Springs Charter School and Citrus Springs Charter School. In connection with the MOUs, the Charter shares employees in senior leadership positions. Salaries and benefits are proportionately shared and paid directly by each of the charter schools to the employees. Senior leadership includes Assistant Superintendents for the following departments: Business, Administrative Operations, Personnel, Pupil Services, and IT/Facilities. The Superintendent's contract is separately approved by each charter school's Board of Directors. The MOUs also allow for on-loan employees excluding supervising teachers. All charter schools are operated by separate nonprofit organizations with no common members of the board. Additionally, the Organization utilizes Springs Charter Schools, Inc. for professional development.

As of June 30, 2025, $2,830,597 was due to the Organization from the affiliate organizations and $495,005 was due to affiliates from the Organization as a result of certain shared operational costs.

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 2017A	$ 22,300,000	$ -	$ 360,000	$ 21,940,000	$ 375,000
Series 2022AB	10,690,000	-	100,000	10,590,000	105,000
Series 2022CD	24,940,000	-	485,000	24,455,000	505,000
Series 2023AB	5,075,000	-	195,000	4,880,000	205,000
Total bonds payable	63,005,000	-	1,140,000	61,865,000	1,190,000
Less: Unamortized Items:					
Issuance costs	(2,766,285)	-	(110,115)	(2,656,170)	(183,698)
Unamortized discount	(41,044)	-	(2,280)	(38,764)	(2,280)
Unamortized premium	1,278,244	-	43,425	1,234,819	43,425
Total unamortized items	(1,529,085)	-	(68,970)	(1,460,115)	(142,553)
Total bonds payable	$ 61,475,915	$ -	$ 1,071,030	$ 60,404,885	$ 1,047,447

NOTE 9 – BONDS PAYABLE, continued

Series 2017 A

In December 2017, 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 Educational Facility Revenue Bonds, include Series 2017A, in an aggregate principal amount of $23,335,000 in tax-exempt bonds and Series 2017B in taxable term bonds totaling $660,000. The Organization has committed to have funds intercepted by the State Controller to service the debt.

On April 5, 2023, the Series 2017A Bonds were restructured from direct debt of River Springs Charter School, Inc. to a lease obligation of River Springs Charter School, Inc. to LLC III. The bond-financed assets, bond debt, and trustee-held balances were transferred from River Springs Charter School, Inc. to LLC III on that date and are reflected thus herein. As LLC III receives lease payments from the School, they are used to pay all principal and interest on the 2017A Bonds. The term, rates, payments, and principal and interest components of the 2017A Bonds were not changed as part of this restructuring.

Expected future payments of principal and interest on the outstanding balance attributed to Series 2017A are as follows:

	Series 2017A		
Year Ending June 30,	**Principal**	**Interest**	**Total**
2026	$ 375,000	$ 1,078,250	$ 1,453,250
2027	395,000	1,058,500	1,453,500
2028	415,000	1,037,750	1,452,750
2029	435,000	1,016,000	1,451,000
2030 - 2034	2,525,000	4,713,750	7,238,750
2035 - 2039	3,225,000	3,980,750	7,205,750
2040 - 2044	4,110,000	3,046,000	7,156,000
2045 - 2049	5,245,000	1,854,000	7,099,000
Thereafter	5,215,000	407,000	5,622,000
Total	$ 21,940,000	$ 18,192,000	$ 40,132,000

Series 2022AB

On April 5, 2022, the Organization issued a series of bonds from the California School Finance Authority (CSFA) detailed in loan and bond purchase agreements. The bonds, designated as the Educational Facility Revenue Bonds (River Springs Charter School Project), include Series 2022A, in an aggregate principal amount of $10,375,000 in tax-exempt bonds and Series 2022B in taxable term bonds totaling $470,000. The bonds mature on July 1, 2061, with interest rates of 4.13% to 5.00%. The Organization has committed to having funds intercepted by the State Controller to service the debt.

NOTE 9 – BONDS PAYABLE, continued

Series 2022AB, continued

Expected future payments of principal and interest on the outstanding balance attributed to Series 2022AB are as follows:

	Series 2022AB		
Year Ending June 30,	**Principal**	**Interest**	**Total**
2026	$ 105,000	$ 524,250	$ 629,250
2027	110,000	518,750	628,750
2028	120,000	512,750	632,750
2029	120,000	506,750	626,750
2030 - 2034	700,000	2,432,250	3,132,250
2035 - 2039	890,000	2,229,500	3,119,500
2040 - 2044	1,135,000	1,971,750	3,106,750
2045 - 2049	1,455,000	1,641,250	3,096,250
Thereafter	5,955,000	1,987,750	7,942,750
Total	$ 10,590,000	$ 12,325,000	$ 22,915,000

Series 2022CD

On June 6, 2022, 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 refunding of 2015 bonds. (River Springs Charter School Project), include Series 2022C, in an aggregate principal amount of $24,625,000 in tax-exempt bonds and Series 2022D in taxable term bonds totaling $660,000. The bonds mature on July 1, 2047, with interest rates of 5.00%. The Organization has committed to have funds intercepted by the State Controller to service the debt.

Expected future payments of principal and interest on the outstanding balance attributed to Series 2022CD are as follows:

	Series 2022CD		
Year Ending June 30,	**Principal**	**Interest**	**Total**
2026	$ 505,000	$ 1,292,895	$ 1,797,895
2027	585,000	1,263,060	1,848,060
2028	620,000	1,231,440	1,851,440
2029	655,000	1,198,035	1,853,035
2030 - 2034	3,895,000	5,413,815	9,308,815
2035 - 2039	5,375,000	4,159,590	9,534,590
2040 - 2044	7,315,000	2,385,420	9,700,420
2045 - 2047	5,505,000	323,680	5,828,680
Total	$ 24,455,000	$ 17,267,935	$ 41,722,935

NOTE 9 – BONDS PAYABLE, continued

Series 2023AB

On April 13, 2023, the Organization issued a series of bonds through the California School Finance Authority (CSFA) detailed in loan and bond purchase agreements. River Springs Charter School Project include Series 2023A, in an aggregate principal amount of $3,790,000 in tax-exempt bonds and Series 2023B in taxable term bonds totaling $1,420,000. The bonds mature on July 1, 2043, with interest rates of 5.85% on 2023A and 7.75% on Series 2023B taxable. The Organization has committed to have funds intercepted by the State Controller to service the debt.

Expected future payments of principal and interest on the outstanding balance attributed to Series 2023AB are as follows:

	Series 2023AB		
Year Ending June 30,	**Principal**	**Interest**	**Total**
2026	$ 205,000	$ 289,813	$ 494,813
2027	215,000	274,450	489,450
2028	230,000	258,225	488,225
2029	245,000	241,138	486,138
2030 - 2034	1,295,000	933,113	2,228,113
2035 - 2039	1,215,000	577,875	1,792,875
2040 - 2043	1,475,000	161,000	1,636,000
Total	$ 4,880,000	$ 2,735,614	$ 7,615,614

NOTE 10 – LOANS PAYABLE

2024 Taxable Loans

On August 1, 2024, the Organization entered into a Master Loan Agreement with Sunflower Bank, N.A. to finance and refinance facility improvement projects. The agreement provides for borrowings of up to $13,318,000 under the Series 2024A Loan and up to $17,493,000 under the Series 2024B Loan, with total borrowings not to exceed $30,811,000. As of June 30, 2025, the Organization had drawn $13.8 million under Series2024A and $6.4 million under Series 2024B.

The loans accrue interest at 7.30% per annum, calculated on a 360-day year and payable monthly. Payments are interest-only through August 15, 2027, after which are amortized over 25 years through their respective maturity dates.

The Organization incurred loan origination and issuance costs in connection with the loans. As of June 30, 2025, unamortized loan costs amounted to $450,962 and are being amortized over the term of the loans.

NOTE 10 – LOANS PAYABLE, continued

2024 Taxable Loans, continued

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

	2024 Taxable Loans		
Year Ending June 30,	**Principal**	**Interest**	**Total**
2026	$ -	$ 1,436,346	$ 1,436,346
2027	-	1,436,346	1,436,346
2028	437,000	1,424,705	1,861,705
2029	382,000	1,396,893	1,778,893
2030 - 2032	18,927,019	3,707,512	22,634,531
Total	$ 19,746,019	$ 9,401,801	$ 29,147,820

NOTE 11 – NET ASSETS

Unrestricted Net Assets

Unrestricted net assets for the Organization. were categorized as follows as of June 30, 2025:

Net investment in capital assets	$ 12,728,291
Non-spendable items - deposits	1,417,689
Undesignated net assets	30,561,764
Total Net Assets Without Donor Restriction	$ 44,707,744

NOTE 12 – 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 13 – 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.

NOTE 13 – EMPLOYEE RETIREMENT PLANS, continued

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 10.205% of their salary. The required employer contribution rate for fiscal year 2025 and 2024 was 19.1% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization's contributions to CalSTRS for the last five fiscal years were as follows:

	Contribution	Percent of Required Contribution
2024-25	$ 6,401,154	100%
2023-24	$ 6,498,176	100%
2022-23	$ 5,747,529	100%
2021-22	$ 4,422,360	100%
2020-21	$ 4,119,344	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 $3,252,411, which is computed as the proportionate share of total fiscal year 2025 State on-behalf contributions.

NOTE 13 – 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 P 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 8.0% 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 2025 and 2024 was 27.05% and 26.68%, respectively. The contribution requirements of the plan members are established by state statute. The Organization's contributions to CalPERS for the last five fiscal years were as follows:

	Contribution	Percent of Required Contribution
2024-25	$ 6,358,457	100%
2023-24	$ 5,398,251	100%
2022-23	$ 4,014,296	100%
2021-22	$ 2,876,311	100%
2020-21	$ 2,075,342	100%

Alternative Plan

As established by federal law, all public-sector employees who are not members of their employer's existing retirement plan (CalSTRS or CalPERS) must be covered by an alternative plan. The Organization offers social security as its alternative plan.

NOTE 14 – 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.

Joint Powers Agency (JPA)

During the year ended June 30, 2025, the Organization participated in a joint venture with CharterSafe. CharterSafe arranges for insurance coverage related to property, general liability, worker's compensation, and other miscellaneous liability coverage specific to the operation of the Organization. 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.

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 $35,107,274 or a proportionate share of 0.05227% as of June 30, 2025. Also as of June 30, 2025, CalPERS has estimated the Organization's share of withdrawal liability to be $36,497,679 or a proportionate share of 0.10212%. The Organization does not currently intend to withdraw from CalSTRS or CalPERS. Refer to Note 8 for additional information on employee retirement plans.

Outstanding Construction Commitments

As of June 30, 2025, the Organization has no construction commitments.

Litigation

The Organization is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Organization on June 30, 2025.

NOTE 15 – SUBSEQUENT EVENTS

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

SUPPLEMENTARY INFORMATION

RIVER SPRINGS CHARTER SCHOOL, INC. AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education:			
Title I, Part A, Grants to Local Educational Agencies	84.010	14329	$ 1,725,682
Title II, Part A, Supporting Effective Instruction State Grants	84.367	14341	228,093
Title III, English Language Acquisition State Grants	84.365	14346	89,981
Title III, Immigrant Student Program	84.365	15146	3,525
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	96,618
Education Stabilization Funds:			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER III) Fund	84.425D	15559	462,046
American Rescue Plan - Homeless Children and Youth II (ARP HYC II)	84.425W	15566	2,000
Vocational Programs: Voc & Appl Tech Secondary II (Carl Perkins Act)	84.048	15294	154,946
Subtotal Education Stabilization Funds			618,992
Total U. S. Department of Education			2,762,891
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through California Department of Education:			
Child Nutrition Custer:			
National School Lunch Program	10.555	13523	2,245,855
Subtotal Child Nutrition Cluster			2,245,855
Total U. S. Department of Agriculture			2,245,855
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through California Department of Health Services:			
Medicaid:			
Medi-Cal Administrative Activities	93.778	10060	5,540
Subtotal Medicaid			5,540
Total U. S. Department of Health & Human Services			5,540
Total Federal Expenditures			$ 5,014,286

See accompanying note to supplementary information.

RIVER SPRINGS CHARTER SCHOOL, INC. AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

The following schedule provides a reconciliation between revenues reported on the Statement of Activities and Changes in Net Assets, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2025, or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2025:

	Assistance Listing Number	Amount
Total Federal Revenues reported in the Statement of Activities		$ 6,334,012
IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	(1,228,512)
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027A	(91,214)
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		$ 5,014,286

See accompanying note to supplementary information.

RIVER SPRINGS CHARTER SCHOOL, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

	River Springs Charter, Inc.	River Springs Facilities LLC	River Springs Facilities II LLC	River Springs Facilities III LLC	River Springs Facilities IV LLC	Consolidated Total
Current assets:						
Cash and cash equivalents	$ 32,334,274	$ 1,408,296	$ 1,651,227	$ 5,280,235	$ 10,425,148	$ 51,099,180
Accounts receivable	9,022,690	-	-	-	-	9,022,690
Prepaid expenses	1,373,427	-	-	-	-	1,373,427
Total current assets	42,730,391	1,408,296	1,651,227	5,280,235	10,425,148	61,495,297
Non-current assets:						
Security deposits	1,417,689	-	-	-	-	1,417,689
Capital assets, net	12,728,291	9,138,866	21,555,729	22,015,716	8,695,673	74,134,275
Operating lease right-of-use asset, net	4,746,325	-	-	-	-	4,746,325
Finance lease right-of-use asset, net	77,374,439	-	-	-	-	77,374,439
Total non-current assets	96,266,744	9,138,866	21,555,729	22,015,716	8,695,673	157,672,728
TOTAL ASSETS	$ 138,997,135	$ 10,547,162	$ 23,206,956	$ 27,295,951	$ 19,120,821	$ 219,168,025
LIABILITIES AND NET ASSETS						
Current liabilities:						
Accounts payable	$ 5,283,338	$ 207,728	$ 683,586	$ 700,800	$ -	$ 6,875,452
Deferred revenue	1,549,125	-	-	-	-	1,549,125
Operating lease liabilities, current portion	1,155,314	-	-	-	-	1,155,314
Finance lease liabilities, current portion	6,575,783	-	-	-	-	6,575,783
Total current liabilities	14,563,560	207,728	683,586	700,800	-	16,155,674
Non-current liabilities:						
Bonds payable	-	10,590,000	24,455,000	26,820,000	-	61,865,000
Less: unamortized items	-	(321,594)	(934,590)	(203,931)	-	(1,460,115)
Bond interest payable	-	264,750	-	-	-	264,750
Loans payable	-	-	-	-	19,746,019	19,746,019
Less: unamortized costs	-	-	-	-	(450,692)	(450,692)
Compensated absences	649,978	-	-	-	-	649,978
Notes payable	3,300,000	-	-	-	-	3,300,000
Operating lease liabilities, non-current portion	3,591,011	-	-	-	-	3,591,011
Finance lease liabilities, non-current portion	70,798,656	-	-	-	-	70,798,656
Total non-current liabilities	78,339,645	10,533,156	23,520,410	26,616,069	19,295,327	158,304,607
Total liabilities	92,903,205	10,740,884	24,203,996	27,316,869	19,295,327	174,460,281
Net assets:						
Without donor restriction	46,093,930	(193,722)	(997,040)	(20,918)	(174,506)	44,707,744
Total net assets	46,093,930	(193,722)	(997,040)	(20,918)	(174,506)	44,707,744
TOTAL LIABILITIES AND NET ASSETS	$ 138,997,135	$ 10,547,162	$ 23,206,956	$ 27,295,951	$ 19,120,821	$ 219,168,025

See accompanying note to supplementary information.

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

	River Springs Charter, Inc.	River Springs Facilities LLC	River Springs Facilities II LLC	River Springs Facilities III LLC	River Springs Facilities IV LLC	Eliminations	Consolidated Total
SUPPORT AND REVENUES							
Federal and state support revenues:							
Local control funding formula, state aid	$ 98,974,382	$ -	$ -	$ -	$ -	$ -	$ 98,974,382
Payments in lieu of property taxes	11,698	-	-	-	-	-	11,698
Federal revenues	6,334,012	-	-	-	-	-	6,334,012
Other state revenues	10,573,951	-	-	-	-	-	10,573,951
Total federal and state support and revenues	115,894,043	-	-	-	-	-	115,894,043
Local support and revenues:							
Investment income, net	729,160	54,044	140,984	212,670	24,033	-	1,160,891
Rental income	-	641,679	1,881,237	2,000,011	840,897	(5,363,824)	-
Other local revenues	10,722,654	-	-	-	-	-	10,722,654
Total local support and revenues	11,451,814	695,723	2,022,221	2,212,681	864,930	(5,363,824)	11,883,545
TOTAL SUPPORT AND REVENUES	127,345,857	695,723	2,022,221	2,212,681	864,930	(5,363,824)	127,777,588
EXPENSES							
Program services	96,073,193	544,265	1,420,860	1,411,301	903,895	(5,363,824)	94,989,690
Management and general	30,652,949	199,240	774,066	789,363	135,541	-	32,551,159
TOTAL EXPENSES	126,726,142	743,505	2,194,926	2,200,664	1,039,436	(5,363,824)	127,540,849
CHANGES IN NET ASSETS	619,715	(47,782)	(172,705)	12,017	(174,506)	-	236,739
NET ASSETS, BEGINNING	45,474,215	(145,940)	(824,335)	(32,935)	-	-	44,471,005
NET ASSETS, ENDING	$ 46,093,930	$ (193,722)	$ (997,040)	$ (20,918)	$ (174,506)	$ -	$ 44,707,744

See accompanying note to supplementary information.

RIVER SPRINGS CHARTER SCHOOL, INC. AND SUBSIDIARIES
CHARTER ORGANIZATIONAL STRUCTURE
JUNE 30, 2025

River Springs Charter School, Inc. (the "Organization") is located in Riverside County and was formed as a nonprofit public benefit corporation on June 12, 2006 to operate River Springs Charter School (the "Charter"), a public charter school. The Charter was authorized to operate as a charter school by the Riverside County Office of Education in 2005, was numbered by the State Board of Education in January 2006 as Charter No. 0753, and classes began in August 2007. The Charter has since been renewed for consecutive terms by the Riverside County Office of Education, and the current charter term expires June 30, 2026.

GOVERNING BOARD

Name	Office	Term Expiration
Stephanie Heiliger	Chair	June 30, 2027
Jenny Adamo	Vice Chair	June 30, 2027
James McCallion	Secretary	June 30, 2026
Steffany Johnson	Treasurer	June 30, 2025
Louis Fetherolf	Director	June 30, 2026
Rachel Couch	Director	June 30, 2025
Annica Meza Dawe	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*

RIVER SPRINGS CHARTER SCHOOL, INC. AND SUBSIDIARIES
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2025

	Second Period Report	Annual Report
Classroom Based ADA:		
Grades TK/K through 3	1,274.65	1,296.88
Grades 4 through 6	876.61	890.05
Grades 7 and 8	646.16	667.98
Grades 9 through 12	246.66	257.91
Total Classroom Based ADA	3,044.08	3,112.82
Non-Classroom Based ADA:		
Grades TK/K through 3	2,012.69	1,956.29
Grades 4 through 6	1,119.28	1,085.70
Grades 7 and 8	691.00	663.08
Grades 9 through 12	715.82	711.63
Total Non-Classroom Based ADA	4,538.79	4,416.70
Average Daily Attendance Total	7,582.87	7,529.52

See accompanying note to supplementary information.

RIVER SPRINGS CHARTER SCHOOL, INC. AND SUBSIDIARIES
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2025

Grade Level	Minutes Requirement	2024-25 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	51,550	175	N/A	Complied
Grade 1	50,400	53,625	175	N/A	Complied
Grade 2	50,400	53,625	175	N/A	Complied
Grade 3	50,400	54,920	175	N/A	Complied
Grade 4	54,000	54,920	175	N/A	Complied
Grade 5	54,000	54,920	175	N/A	Complied
Grade 6	54,000	54,420	175	N/A	Complied
Grade 7	54,000	54,420	175	N/A	Complied
Grade 8	54,000	54,420	175	N/A	Complied
Grade 9	64,800	64,803	175	N/A	Complied
Grade 10	64,800	64,803	175	N/A	Complied
Grade 11	64,800	64,803	175	N/A	Complied
Grade 12	64,800	64,803	175	N/A	Complied

See accompanying note to supplementary information.

RIVER SPRINGS CHARTER SCHOOL, INC. AND SUBSIDIARIES
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (UNAUDITED ACTUALS)
WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 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. Consolidated Schedule of Expenditures of Federal Awards

Basis of Presentation
The accompanying 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 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.

B. 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.

C. 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.

D. 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.

NOTE 1 - PURPOSE OF SCHEDULES, continued

E. Schedule of Instructional Time

The Organization receives, as part of their local control funding formula sources, incentive funding for maintaining instructional time. This schedule presents information on the number of instructional days offered by the Organization and whether the Organization complied with the provisions of *Education Code Section* 47612.5.

F. 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
River Springs Charter School, Inc. and Subsidiaries
Temecula, California

We have audited, 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 the consolidated financial statements, of River Springs Charter School, Inc. and Subsidiaries (the "Organization") as of and for the year ended June 30, 2025, and the related notes to consolidated financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated December 3, 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 opinions 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 Organization'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 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 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 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.

CWDL, Certified Public Accountants

San Diego, California
December 3, 2025

CWDL

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
River Springs Charter School, Inc. and Subsidiaries
Temecula, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited River Springs Charter School, Inc. and Subsidiaries' (the "Organization") compliance with the types of compliance requirements identified as subject to an audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2025. The Organization's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

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 Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 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 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 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 or significant deficiencies 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 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 requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

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
River Springs Charter School, Inc. and Subsidiaries
Temecula, California

Report on State Compliance

Opinion on State Compliance

We have audited River Springs Charter School, Inc. and Subsidiaries' (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	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

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

RIVER SPRINGS CHARTER SCHOOL, INC. AND SUBSIDIARIES
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
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued:	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 programs:	

Assistance Listing Number(s)	Name of Federal Program of Cluster
10.555	Child Nutrition Cluster
84.010	Title I, Part A, Grants to Local Educational Agencies

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

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

RIVER SPRINGS CHARTER SCHOOL, INC. AND SUBSIDIARIES
FINANICAL 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 fiscal year 2025.

RIVER SPRINGS CHARTER SCHOOL, INC. AND SUBSIDIARIES
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

FIVE DIGIT CODE	AB3627 FINDING TYPES
50000	Federal Compliance

There were no audit findings and questioned costs related to federal awards during fiscal year 2025.

RIVER SPRINGS CHARTER SCHOOL, INC. AND SUBSIDIARIES
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
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 fiscal year 2025.

RIVER SPRINGS CHARTER SCHOOL, INC. AND SUBSIDIARIES
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 2024.