

**EXHIBITS IN SUPPORT OF THE
NOTICE OF INTENT TO REVOKE AND NOTICE OF FACTS IN
SUPPORT OF REVOCATION (EDUCAITON CODE SECTION 47607)**

Exhibit A **Notice of Violation and Opportunity to Cure**
(“Notice of Violation” or “NOV”)

Exhibit B **Explore’s Written Response to Notice of Violation**
(“NOV Response”)

Exhibit C **Explore and the Orange Unified School District’s First Amended
and Restated License Agreement**
(“License Agreement”)

Exhibit D **Orange Unified School District’s Letter to Explore dated
May 27, 2026**
(“OUSD Letter”)

Exhibit E **Enrollment and Staffing Plan dated November 18, 2025 and
submitted to OCDE on December 19, 2025**
(“November 2025 Enrollment and Staffing Plan”)

Exhibit F **Executed Promissory Note with EAOC Funding I, LLC in
connection with Herbert J. Sims & CO (HJ Sims)**
(“HJ Sims Promissory Note”)

Exhibit G **EAOC Funding I, LLC letter to Explore dated April 23, 2026**
(“HJ Sims Letter”)

EXHIBIT A

**NOTICE OF VIOLATION AND OPPORTUNITY TO CURE
("NOTICE OF VIOLATION" OR "NOV")**



ORANGE COUNTY BOARD OF EDUCATION

JORGE VALDES, ESQ., DISTRICT 1
MARI BARKE, DISTRICT 2
KEN L. WILLIAMS, D.O., DISTRICT 3

TIM SHAW, DISTRICT 4
LISA SPARKS, PH.D., DISTRICT 5
STEFAN BEAN, ED.D., SECRETARY

NOTICE OF VIOLATION

Pursuant to Education Code section 47607 and
Title 5, California Code of Regulations section 11968.5.2

To: Governing Board of Explore Academy Charter School
From: Orange County Board of Education
Re: Notice of Violation and Opportunity to Cure
Education Code section 47607

I. INTRODUCTION

This Notice of Violation ("NOV") is issued to the Governing Board of Explore Academy Charter School ("Explore") pursuant to Education Code section ("EC") 47607 and Title 5 California Code of Regulations ("CCR") section 11968.5.2.

Following a review of Explore's 2024-25 and 2025-26 financial records, including the 2025-26 First Interim Report; three (3) Notices of Concern regarding Explore's fiscal condition; Explore's responses to the Notices of Concern; and the findings and recommendations from the Fiscal Crisis and Management Assistance Team ("FCMAT") Report dated October 24, 2025, the Orange County Board of Education ("OCBE") has determined that there are significant fiscal concerns that require immediate attention and corrective action.

The purpose of this NOV is to identify material violations of charter requirements and law that constitute grounds for revocation under EC 47607(f) and to provide Explore with an opportunity to remedy those violations.

II. BACKGROUND

A. Establishment and Operational History of Explore Academy

On October 6, 2021, the Orange County Board of Education ("OCBE") approved the charter petition submitted by ExploreK12, a California nonprofit public benefit corporation, authorizing the establishment and operation of the countywide charter school, Explore Academy ("Petition"). The initial charter term of July 1, 2022, through June 30, 2027, was revised to June 30, 2028, due to state-mandated extensions.

Notice of Violation

In its Petition, Explore represented that a countywide charter was necessary to support the operation of Explore Academy based on several stated justifications, including the ability to secure financing for multiple permanent facilities, enable students to enroll in courses offered at other Explore Academy campuses, facilitate the transfer of teachers among Explore Academy campuses, and avoid student enrollment preferences tied to school district boundaries. (Petition, pp 8-12).

Following approval, Explore did not commence operations at any school sites until the 2024-25 school year, when it opened only one campus, Explore Prime Academy, serving students in grades TK through 8th grade. To date, Explore has not opened any additional school sites or facilities for instruction.

B. Notices of Concern

As part of the Orange County Department of Education's ("OCDE") oversight and monitoring responsibilities, OCDE staff have issued three (3) Notices of Concern related to this NOV. A Notice of Concern ("NOC") is a written communication, typically issued following informal communications, to document identified risks, areas of concern, or potential noncompliance, and to provide the school with an opportunity to address issues before more formal action is required. The following chart is a chronological presentation of the Notices of Concern that summarizes the problems and the requested corrective actions:

NOTICE OF CONCERN	SUMMARY OF ISSUE(S)
<p>April 14, 2025</p> <p>Notice of Concern regarding the Fiscal Condition of Explore Academy</p> <p>(Attached as Exhibit A and incorporated herein by reference.)</p>	<p>OCDE issued its first NOC regarding Explore's fiscal condition after reviewing Explore Academy's 2024-25 First and Second Interim Reports, California Longitudinal Pupil Achievement Data System ("CALPADS") data, and ExploreK12 board materials. OCDE identified four primary areas of concern:</p> <ol style="list-style-type: none">1. Inaccurate financial reporting and violations of generally accepted accounting principles ("GAAP"), such as the failure to accrue for known contractual obligations for services provided by TrueNorth, resulted in an overstated financial position.2. Overstated enrollment and revenue projections, including enrollment assumptions exceeding actual enrollment and facility capacity.3. Deficit spending and negative reserves, with a projected negative unrestricted net position and continued structural imbalance.4. Severe cash flow stress and significant debt, including negative cash balances, less than one day of cash on hand, bounced checks, and reliance on debt financing.

Notice of Violation

	<p>OCDE required Explore Academy to submit a board-approved fiscal stabilization plan, a third interim report, monthly cash flow projections, and documentation of back-office services. OCDE warned that failure to comply could result in an NOV.</p>
<p>June 11, 2025</p> <p>Second Notice of Concern regarding the Fiscal Condition of Explore Academy</p> <p>(Attached as Exhibit B and incorporated herein by reference.)</p>	<p>After reviewing Explore Academy's response to the first notice, OCDE issued a Second NOC, finding that key issues remained unresolved and that additional concerns had emerged:</p> <ol style="list-style-type: none"> 1. Negative unrestricted net position and failure to meet minimum reserve standards contradict the school's narrative that reserves would be restored by year three. 2. Misrepresentation of reserve and cash standards, including improper reliance on "3–5 days of cash" as sufficient, contrary to CDE, FCMAT, and OCDE guidance. 3. Inconsistent and unreliable enrollment and facility capacity projections are undermining revenue assumptions. 4. Misclassification of financing as revenue, including references to bridge loans and lines of credit as "revenue opportunities," contrary to GAAP. 5. Disbursement control violations, including acknowledgment that checks were issued despite insufficient funds, potentially outside approved fiscal procedures. 6. Unclear accounting treatment of TrueNorth fees, including inconsistent budgeting, expenditure reporting, and a lack of documentation for fee waivers. <p>OCDE required revised multi-year projections, corrected financial narratives, clarification of disbursement practices, and documentation of contractual agreements, again warning that failure to cure could result in a NOV.</p>
<p>November 3, 2025</p> <p>Third Notice of Concern regarding the Fiscal Condition of Explore Academy</p> <p>(Attached as Exhibit C and incorporated herein by reference.)</p>	<p>OCDE issued a Third NOC following review of the 2025–26 Preliminary Budget and verified enrollment data. OCDE concluded that Explore had not cured the prior concerns and that the school's fiscal condition had materially worsened:</p> <ol style="list-style-type: none"> 1. Unrealistic enrollment and Average Daily Attendance ("ADA") assumptions persisted, with the budget assuming 150 students despite verified enrollment of only 73 students. 2. Material overstatement of Local Control Funding Formula ("LCFF") revenue, overstated by nearly \$1 million, converting a projected surplus into a substantial deficit.

	<ol style="list-style-type: none"> 3. Understated expenditures and misaligned staffing, including staffing levels inconsistent with enrollment, and a lack of position control. 4. Severe cash flow risk, with projected negative cash beginning March 2026 and increasing payroll and vendor payment risk. 5. Continued deficit spending and declining net assets, confirmed by unaudited actuals showing a much larger deficit than previously projected. 6. Failure to submit required monthly cash flow reports and oversight documents, despite repeated directives. <p>OCDE required the immediate submission of a revised budget, Fiscal Recovery Plan, cash flow reporting, implementation of internal controls, and completion of outstanding compliance items, and expressly stated that failure to comply would result in an NOV.</p>
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C. FCMAT REPORT

Additionally, in June 2025, OCDE and FCMAT entered into an agreement under which FCMAT would conduct an independent fiscal and operational review of Explore. The purpose of this agreement was for OCDE and OCBE to provide additional support to Explore in addressing and curing the deficiencies identified in the Notices of Concern (NOCs). The scope of the review included the following:

- An evaluation of Explore's 2025-26 adopted general fund budget;
- Development of an independent multi-year financial projection for the current and two subsequent fiscal years;
- A review of Explore's Business Services and Human Resources operational processes and procedures; and
- Issuance of findings and recommendations in a final report.

FCMAT completed its review and issued its findings and recommendations in a report dated October 24, 2025 ("FCMAT Report"). (Attached as **Exhibit D** and incorporated herein by reference.) The FCMAT Report independently confirmed and expanded upon OCDE's findings, including concerns about fiscal stability, cash management, enrollment, staffing, and internal controls. For ease of reference, and because specific findings are particularly relevant to the issues identified in this NOV, key portions of the FCMAT Report's Executive Summary are excerpted below, with emphasis added to highlight findings that OCDE considers especially significant:

- Established in 2022 and opening to students in 2024-25, Explore Academy has experienced **turnover at every level of its organization**, including the governing board, executive director, teachers, and support staff. The school is now operating under its fourth director since inception and continues without an office manager.

Notice of Violation

- At the time of fieldwork, **the school had 73 students and employed seven teachers** for the 2025-26 school year, resulting in a very low student-to-teacher ratio.
- **Despite spending more than \$90,000 on student recruitment efforts since 2022, enrollment has declined by more than 50 students from 2024-25 to 2025-26.**
- As a small charter school, Explore Academy relies heavily on consultants for many of its operational functions. **Even these contracted services have experienced turnover:** the school is currently working with its second financial back-office provider and its second human resources provider.
- **Even with significant, immediate expense reductions, the school may be unable to stabilize financially. Cash management and availability are serious concerns. Cash flow has reached a critical level that requires individual payments to be reviewed for available funds before processing, and some payments have been returned for insufficient funds.**
- While this report identifies potential improvements in business and human resources operations, Explore Academy's immediate challenges lie in its fragile cash position and the risk to ongoing operations. **The urgency of cash flow and operational continuity outweighs every other issue.**
- Explore was nonresponsive to FCMAT's requests for necessary documentation. (*See discussion infra, Section V-C*).

III. LEGAL AUTHORITY

Education Code section 47607(f) authorizes revocation of a charter if the charter authorizer finds, through a showing of substantial evidence, that the charter school did any of the following:

- Committed a material violation of any of the conditions, standards, or procedures outlined in the charter;
- Failed to meet or pursue any of the pupil outcomes identified in the charter;
- Failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement; or,
- Violated any law.

Before revocation, the chartering authority shall notify the charter school of any violation of this section and give the charter school a reasonable opportunity to remedy the violation, unless the chartering authority determines, in writing, that the violation constitutes a severe and imminent threat to the health or safety of the pupils. (EC 47607(g)).

IV. VIOLATIONS UNDER EDUCATION CODE SECTION 47607(f)

Each violation described in this section, *independently and collectively*, constitutes grounds for revocation pursuant to Education Code section 47607. Despite prior notice and opportunities to cure, the violations described below remain unresolved and continue to threaten Explore's fiscal solvency and operational viability materially.

A. Explore Engaged in Fiscal Mismanagement Due to its Structural Deficits and Insolvencies

Explore has engaged in fiscal mismanagement as evidenced by persistent structural deficit spending, negative fund balances, and an inability to achieve fiscal solvency.

Beginning in the 2024-25 fiscal year, Explore operated with a structural deficit of \$305,722. Explore has continued to project deficit spending in each subsequent fiscal year. Despite repeated notice and direction from OCDE, Explore has not implemented a viable plan to eliminate its structural deficit or restore reserves.

OCDE repeatedly identified these deficiencies in the NOCs and provided opportunities to correct them:

- In the April 2025 NOC, OCDE directed Explore to submit a fiscal stabilization plan to address deficit spending, insufficient reserves, and significant debt obligations.
- In the June 2025 NOC, OCDE determined that Explore's revised projections continued to misrepresent recommended reserve standards and failed to demonstrate a credible path toward solvency.
- In the November 2025 NOC, OCDE confirmed Explore's fiscal condition had further deteriorated, with a worsening deficit, and more than \$1.1 million in negative budget variance attributable to overstated revenues and understated expenditures.

The 2025–26 First Interim Report confirms that Explore continues to operate with a structural deficit, projecting an ending fund balance of negative \$704,390. While the report reflects a short-term operating surplus, this result does not offset the severity of accumulated deficits, negative net assets, and the absence of reserves, which demonstrate an ongoing structural imbalance. Explore's own multi-year projections do not anticipate restoration of a positive fund balance with adequate reserves until the 2028–29 fiscal year, underscoring the magnitude and duration of the school's accumulated losses.

Explore's sustained structural deficits, negative fund balances, failure to maintain reserves, and inability to implement effective corrective measures despite repeated notice constitute fiscal mismanagement within the meaning of EC 47607(f)(3).

B. Explore Engaged in Fiscal Mismanagement Due to Unreasonable Enrollment and Revenue Assumptions

Explore engaged in fiscal mismanagement by repeatedly adopting budgets and multi-year financial projections based on unreasonable and unsupported enrollment and revenue assumptions that were inconsistent with verified data. Explore has **never** accurately forecasted its enrollment. Because student enrollment and average daily attendance are the primary drivers of Explore's LCFF revenue, failing to base projections on reliable, current information materially undermined the accuracy of Explore's financial planning. It directly contributed to its structural deficits and cash instability. The chart below provides a chronological, school-year comparison of projected and actual enrollment, including multi-year projections.

Notice of Violation

School Year	Date	Source/Action	Actual/Projection	Enrollment
2024-25	June 24, 2024	2024/25 Adopted Budget	Projected	170
	October 2, 2024	Census Day	Actual	122
	December 11, 2024	• 24/25 1 st Interim Budget	Projected	129
	March 13, 2025	• 24/25 2 nd Interim Budget	Projected	128
	May 22, 2025	• 24/25 3 rd Interim Budget	Projected	128
2025-26	June 24, 2024	2024/25 Adopted Budget MYP	Projected	198
	December 11, 2024	• 24/25 1 st Interim MYP	Projected	198
	March 13, 2025	• 24/25 2 nd Interim MYP	Projected	152
	May 22, 2025	• 24/25 3 rd Interim MYP	Projected	150
	June 30, 2025	25-26 Adopted Budget	Projected	150
	October 1, 2025	Census Day	Actual	73
	December 11, 2025	• 25/26 1 st Interim Budget	Projected	73
2026-27	June 24, 2024	24-25 Adopted Budget	Projected	226
	December 11, 2024	• 24/25 1 st Interim MYP	Projected	226
	March 13, 2025	• 24/25 2 nd Interim MYP	Projected	185
	May 22, 2025	• 24/25 3 rd Interim MYP	Projected	180
	June 30, 2025	25-26 Adopted Budget MYP	Projected	170
	December 11, 2025	• 25/26 1 st Interim MYP	Projected	105
2027-28	June 30, 2025	25-26 Adopted Budget	Projected	170

Notice of Violation

	December 11, 2025	• 25/26 1 st Interim MYP	Projected	130
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Explore consistently adopted and relied upon materially overstated enrollment and average daily attendance (ADA) projections, despite repeated notice that such projections were unsupported by verified data and, at times, exceeded known facility limitations. Rather than aligning projections with actual enrollment trends, Explore repeatedly revised enrollment figures downward only after budgets and interim reports had been adopted, while continuing to rely on inflated assumptions in subsequent reporting periods and multi-year projections. In every reporting period, projected enrollment exceeded actual, verified enrollment, resulting in significantly overstated revenue projections and a distorted presentation of the school's fiscal condition. This pattern undermines the reliability of the school's financial reporting and calls into question the reasonableness of the assumptions used to evaluate its ongoing fiscal viability.

Following its first year of operation, Explore experienced a significant and rapid decline in enrollment. However, this decline in enrollment was not reflected in its adopted budget for the 2025-26 school year. The 2024-25 Adopted Budget projected enrollment of 170 students but its actual enrollment on Census Day was 122. Despite this, Explore continued to subsequently project 129 students in the First Interim, 128 students in both the Second and Third Interim reports, and ultimately certified at 122 students in CALPADS on June 24, 2025.

A similar pattern is evident in Explore's multi-year projections. Enrollment projections for 2025-26 declined from 198 students in the 2024-25 Adopted Budget to 152 students in the Second Interim and 150 students in the Third Interim. Projections for 2026-27 were likewise reduced from 226 students to 185 students and then to 180 students over the same reporting cycle. These repeated downward revisions demonstrate that the enrollment assumptions were not reasonable when adopted.

Actual enrollment data further underscores these concerns. While Explore certified 122 students for 2024-25, current enrollment for 2025-26 is 73 students, as reflected in both the 2025-26 First Interim and unofficial CALPADS data. This represents a substantial year-over-year decline and is materially below prior projections.

Despite this sharp decline and the school's documented history of overestimating enrollment, Explore's 2025-26 First Interim projects enrollment growth to 105 students in 2026-27 and 130 students in 2027-28. These projected increases are not reasonable absent credible, evidence-based enrollment forecasting. Explore provided no demographic analysis, recruitment plan, or historical trend data to substantiate the projected enrollment rebound.

Should actual enrollment fail to meet these targets, Explore's financial condition will deteriorate further, exacerbating its structural deficit and delaying or preventing restoration of adequate reserves. Even under the school's own projections, Explore does not anticipate achieving a positive fund balance with sufficient reserves until the 2028-29 fiscal year, which demonstrates the magnitude and duration of the school's accumulated losses.

Notice of Violation

The 2025-26 First Interim Report also reaffirms that Explore continues to operate with a structural deficit, meaning that current revenues are insufficient to cover current expenditures. Despite a nominal operating surplus of \$46,925 for the 2025–26 school year, its accumulated deficits, negative net assets, reliance on unsupported revenue projections, and inadequate reserves confirm a continued structural imbalance. These findings are consistent with OCDE's prior notices and are further corroborated by FCMAT's analysis.

Using verified enrollment data, FCMAT recalculated Explore's LCFF funding and concluded that projected revenues were overstated by approximately \$973,785 for the 2025–26 fiscal year. FCMAT further determined that this overstatement was a principal factor contributing to Explore's projected deficits and negative ending fund balances, which confirmed that unrealistic enrollment assumptions materially distorted Explore's financial outlook.

Under realistic enrollment scenarios, deficits will deepen, net assets will remain negative, and Explore will be unable to meet minimum recommended reserve levels. Consequently, Explore's continued reliance on unsubstantiated enrollment and revenue projections, despite verified enrollment data, constitutes fiscal mismanagement within the meaning of EC 47607(f)(3).

C. Explore Engaged in Fiscal Mismanagement Due to Cash Insolvency, Liquidity Risk, and Debt Dependency

Explore Academy continues to face significant long-term debt obligations and cash flow risks that jeopardize its ability to meet financial commitments and maintain ongoing operations.

As outlined in OCDE's April 14, 2025 Notice of Concern:

- Explore approved \$750,000 in revenue bonds through HJ Sims on May 21, 2024, and received the proceeds on June 14, 2024, but immediately used \$250,000 to repay loans to a private lender and SMART Management.
- The first principal payment of \$100,000 is due to HJ Sims on May 25, 2026. Under the terms of the promissory note, the interest rate will increase from 10% to 12% in the event of default, significantly increasing debt service costs if the school is unable to meet scheduled obligations.
- In addition to the HJ Sims financing, Explore entered into a \$250,000 loan agreement with the California School Finance Authority on October 1, 2024, for the Charter School Revolving Loan.

These combined obligations impose a substantial burden on the school's limited financial resources, particularly given its structural deficit, declining enrollment, and persistent cash flow instability.

The cash flow projections submitted with the 2025–26 First Interim Report rely heavily on a projected January 2026 cash inflow of \$367,816. The school's back-office service provider, Charter Impact, indicated that this amount consisted of several receivables, including an anticipated final PCSGP grant reimbursement of approximately \$276,000. However, on January 7, 2026, Charter Impact confirmed that the PCSGP grant reimbursement submission was updated on December 23, 2025, to \$186,981.07, a reduction of approximately \$89,000 (Exhibit E). The

Notice of Violation

significant decrease in the expected PCSGP grant reimbursement raises substantial doubt as to the reliability of Explore's cash flow projections and its ability to maintain liquidity throughout the fiscal year.

Cash flow projections for 2026–27 and 2027–28 depend on Explore meeting its unsupported enrollment projections of 105 students in 2026-27 and 130 students in 2027-28. If the school fails to achieve these levels, as current enrollment trends strongly suggest, Explore will likely experience substantial cash shortfalls that could impair its ability to meet payroll, debt service obligations, and other contractual commitments.

These concerns align with FCMAT's findings that the school faces severe cash risk, lacks adequate reserves, and may be unable to continue operations without significant structural changes. The combination of sizeable debt obligations, uncertain receivables, and cash flow projections dependent on unrealistic enrollment assumptions represents a material fiscal risk. Further, it supports OCBE's determination of fiscal mismanagement under Education Code section 47607(f)(3).

D. Explore Engaged in Fiscal Mismanagement Due to Failure to Implement Adequate Fiscal Controls and Oversight

Explore engaged in fiscal mismanagement by failing to implement and enforce basic fiscal controls and oversight mechanisms necessary to ensure responsible stewardship of public funds. These deficiencies, particularly amid declining enrollment, cash instability, and structural deficits, materially contributed to Explore's worsening fiscal condition and impaired its ability to address known financial risks.

The FCMAT Report identified significant weaknesses in Explore's internal fiscal controls, including the absence of effective purchasing and expenditure controls. FCMAT found that Explore did not maintain a purchase order system and routinely incurred expenses without prior verification of available budget authority or cash. The report further noted that "there are no purchasing procedures and the charter school debit card can be used at any time," a practice FCMAT found had a "negative effect on cash flow" and contributed to checks being returned for insufficient funds (Exhibit D, p. 25). FCMAT further noted the absence of a purchase order system and the failure to restrict expenditures in accordance with available cash or budget authority. These deficiencies increased the risk of unauthorized or unbudgeted expenditures and led to payments being returned for insufficient funds.

The FCMAT Report also found that Explore lacked consistent and reliable cash flow monitoring. Explore did not prepare or use monthly cash flow projections in a manner sufficient to anticipate and manage liquidity shortfalls. As a result, Explore was unable to proactively plan for payroll, vendor payments, and debt service obligations, instead relying on reactive measures to address immediate cash crises. FCMAT concluded that the failure to monitor cash flow regularly significantly increases the risk of processing errors, inefficiencies, and service disruptions, particularly during staff absences or transitions.

Notice of Violation

In addition, the FCMAT Report identified deficiencies in staffing oversight and position control. Explore did not maintain an effective position-control system to align staffing levels with enrollment and available funding. As a result, staffing decisions were made without adequate consideration of fiscal impact, contributing to unsustainable personnel costs relative to declining revenues. The lack of board-adopted staffing ratios further undermined Explore's ability to control expenditures and adjust operations in response to changing financial conditions.

The FCMAT Report further identified governance and oversight weaknesses that exacerbated fiscal risk. Explore relied heavily on external consultants and back-office providers for key fiscal functions but did not consistently ensure that contracts were fully executed, adequately documented, or aligned with budgeted resources. In some instances, services were obtained without sufficient documentation or clear linkage to board-approved budgets, weakening fiscal accountability and oversight.

Explore's failure to implement and enforce basic fiscal controls, including purchasing procedures, cash flow monitoring, position control, and contract oversight, created an environment in which fiscal risks were neither identified nor mitigated on time. These deficiencies, as documented in the FCMAT Report, materially impaired Explore's ability to manage public funds responsibly and constitute fiscal mismanagement within the meaning of EC 47607(f)(3).

V. AREAS OF CONCERN AND POTENTIAL VIOLATIONS OF LAW

In addition to the findings of fiscal mismanagement described above, there are areas of concern that raise questions regarding compliance with applicable law. These matters are not alleged as independent bases for revocation in this Notice of Violation. Still, they are documented to reflect the seriousness of the fiscal issues identified and to clarify expectations regarding governance and compliance.

A. Penal Code Section 476a: Issuing a Check with Insufficient Funds

On February 25, 2025, at a regularly scheduled Explore Board Meeting, Explore Board Members and School Leadership discussed the issuance of checks that were subsequently returned for insufficient funds. A board member stated that review of financial records showed "three bounced checks" and questioned why those checks were issued, noting that such occurrences "should have never happened." In response, school representatives acknowledged that checks were issued when sufficient funds were not available and explained that an "executive decision" was made to prioritize payroll while awaiting anticipated funding that did not arrive on schedule.

Penal Code section 476a prohibits the making, drawing, issuing, or delivering of a check with knowledge that sufficient funds are not available to cover the check at the time it is issued. This NOV does not determine whether a violation of Penal Code section 476a occurred. However, the circumstances described during the public board meeting raise concerns regarding potential noncompliance with this provision and underscore the seriousness of Explore's cash management failures.

B. Conflict of Interest: TrueNorth Education Services, LLC

Notice of Violation

Pursuant to Education Code section 47604.1, Explore is subject to conflict of interest laws under Government Code section 1090 *et seq.*, which prohibits public officials and employees from having a financial interest in contracts they make or participate in, and with the Political Reform Act of 1974, which includes provisions concerning conflicts of interest in governmental decision-making.

FCMAT identified circumstances in which external consultants and service providers played substantial roles in Explore's operational and fiscal decision-making, including procurement activities and recommendations related to vendor selection (Exhibit D, p. 42). The report noted that in at least one instance, a consultant facilitated or recommended the selection of another service provider, and that this process occurred with limited documented involvement by Explore's governing board or executive leadership (Exhibit D, pp. 41–42).

Explore entered into a service agreement with TrueNorth Education Services, LLC (TrueNorth) on November 19, 2024. The agreement was amended on July 29, 2025. The FCMAT Report indicates that:

- TrueNorth led the process at the direction of the charter school's board of directors and solicited five potential vendors through Requests for Proposals (RFPs) in accordance with the board's Fiscal Policies and Procedures.
- Explore did not include the Executive Director in the procurement process.
- The executive summary provided to Explore contained a recommendation to select Charter Impact: "TrueNorth highly recommends Charter Impact to replace ICON, the current Back Office provider, and to begin work on May 1, 2025."
- On April 10, 2025, the board approved a service agreement with Charter Impact, effective May 1, 2025.

If an independent contractor participates in governmental decision-making by recommending a service provider, such as with TrueNorth and Charter Impact, Explore should evaluate whether to complete California Form 805, Agency Report of Consultants, or any other applicable disclosures. (*People v. Superior Court (Sahlolbei)* (2017) 3 Cal.5th 230).

C. Public Records Act

Under Education Code section 47604.1, Explore is subject to the California Public Records Act, Government Code section 7920.000 *et seq.* FCMAT reported that Explore was generally nonresponsive to document requests. Explore did not provide the following documents:

- 2023-24 Annual Independent Audit
- 2024-25 Unaudited Actuals Report
- Bank Statements and Reconciliations
- Documentation Supporting Enrollment Projections
- Documentation Supporting Unduplicated Pupil Count (UPC)
- SELPA Allocation Documentation
- Fully Executed Contracts for Multiple Vendors
- Position Control Reports

Notice of Violation

- Classified Salary Schedule
- Payroll Reconciliation Documentation
- Federal Grant Eligibility and Expenditure Support
- Supporting Documentation for Accounts Payable Transactions

The documents requested by FCMAT generally constitute public records subject to disclosure under the California Public Records Act, with appropriate redactions.

VI. OPPORTUNITY TO CURE

Pursuant to Education Code section 47607 and Title 5, California Code of Regulations section 11968.5.2, Explore is provided an opportunity to cure the violations identified in this Notice of Violation. During the remedy period, 5 CCR 11968.5.2, provides that upon receipt of a Notice of Violation, Explore, if it chooses to respond, shall take the following actions:

- Submit to the chartering authority a detailed, written response addressing each identified violation which shall include the refutation, remedial action taken, or proposed remedial action by the charter school specific to each alleged violation. The written response shall be due by the end of the remedy period identified in the Notice of Violation.
- Attach to its written response supporting evidence of the refutation, remedial action, or proposed remedial action, if any, including written reports, statements, and other appropriate documentation.

EXPLORE'S WRITTEN RESPONSE AND ALL SUPPORTING EVIDENCE MUST BE SUBMITTED TO OCDE NO LATER THAN MAY 15, 2026, AT 5:00 P.M.

This deadline provides Explore with a reasonable opportunity to cure the violations identified in this Notice. It reflects Explore's request for additional time through May to develop and support revised enrollment projections. The cure deadline is firm, and no extensions will be granted. Failure to submit a timely response and supporting documentation by the stated deadline will constitute a failure to cure.

VII. REMEDIAL ACTION

If Explore elects to cure the violations identified in this Notice through remedial action, Explore must demonstrate that it has implemented corrective actions, supported by objective and verifiable evidence, sufficient to correct the violations. The remedial actions described below identify the standards by which OCDE will evaluate whether Explore cured the violations through corrective action.¹

A. Enrollment Stabilization and Verification

¹ Nothing in this section shall be construed to limit Explore's ability to refute any alleged violation or demonstrate that the violations have otherwise been cured.

Notice of Violation

To cure violations related to enrollment overstatement and fiscal instability, Explore shall demonstrate that it has achieved and can sustain enrollment at a level sufficient to support fiscal solvency.

REMEDIAL ACTION 1: Explore shall demonstrate confirmed student enrollment (not projected) of no fewer than 105 students for the 2026–27 school year as of May 15, 2026, verified by contemporaneous enrollment records acceptable to OCDE.

REMEDIAL ACTION 2: Explore shall submit a board-approved Enrollment Stabilization Plan supported by objective data. The Enrollment Stabilization Plan shall include:

- a. Current enrollment by grade level,
- b. Documented recruitment and retention strategies that have already been implemented, and
- c. evidence-based enrollment projections for the current fiscal year and the subsequent two fiscal years, grounded in verified enrollment data.

B. Fiscal Stabilization and Recovery

To cure violations related to fiscal mismanagement and structural deficit spending, Explore shall adopt and implement a Fiscal Stabilization and Recovery Plan that demonstrates a credible and sustainable path to long-term fiscal solvency.

REMEDIAL ACTION 3: Explore shall adopt and implement a board-approved Fiscal Stabilization and Recovery Plan demonstrating a credible and sustainable path to fiscal solvency. The Fiscal Stabilization and Recovery Plan shall:

- a. Eliminate ongoing structural deficits within a defined and reasonable timeframe.
- b. Restore a positive unrestricted fund balance and meet minimum recommended reserve levels.
- c. Be supported by revised multi-year financial projections based on verified enrollment data.
- d. Identify specific expenditure reductions, staffing adjustments, and operational changes that have been implemented or will be implemented immediately upon board approval.
- e. Demonstrate fiscal solvency without reliance on speculative revenue sources, unsupported enrollment growth, or additional borrowing.

C. Cash Flow Solvency and Liquidity Controls

To cure violations related to cash management and liquidity risk, Explore shall demonstrate the ability to maintain sufficient cash flow to meet ongoing financial obligations.

REMEDIAL ACTION 4: Explore shall submit monthly cash flow projections for the remainder of the current fiscal year and the subsequent fiscal year, based on verified revenues and expenditures. Cashflow projections must demonstrate:

- a. Ability to maintain positive cash balances sufficient to meet payroll, debt service, and vendor obligations.

Notice of Violation

- b. Explore can meet debt service obligations without impairing instructional operations.

D. Internal Fiscal Controls and Oversight

To cure violations related to internal controls, Explore shall demonstrate that it has implemented effective fiscal oversight mechanisms.

REMEDIAL ACTION 5: Explore shall adopt board-approved fiscal policies governing purchasing, cash management, and contract approval.

- a. Explore shall implement and enforce a purchase order and expenditure approval system that prevents expenditures in excess of budgeted or available cash.
- b. Explore shall implement a position control system aligned with verified enrollment and board-adopted staffing ratios.
- c. Explore shall provide evidence that internal fiscal controls are operational and actively enforced.

REMEDIAL ACTION 6: Explore shall provide fully executed contracts from January 2026 to May 2026 for all fiscal, operational, and instructional service providers.

REMEDIAL ACTION 7: Explore shall wholly and promptly respond to all lawful requests by OCDE, including all outstanding past-due documents previously requested by OCDE.

E. Board Approval and Certification of Remedial Action

REMEDIAL ACTION 8: Explore's response to this Notice must be approved by its governing board at a duly noticed public meeting and must include a board resolution certifying the accuracy and completeness of all submitted information. The response must be supported by documentation demonstrating that remedial actions have been implemented, rather than merely proposed or planned.

VIII. CONCLUSION

Following the conclusion of the reasonable opportunity to cure provided in this Notice, the Orange County Board of Education and the Orange County Department of Education will review and evaluate Explore's written response and any supporting evidence submitted to determine whether the violations identified in this Notice have been cured. Based on that evaluation, the Orange County Board of Education and the Orange County Department of Education will take such further action as may be appropriate and authorized under Education Code section 47607.

EXHIBIT A

NOTICE OF CONCERN

APRIL 14, 2025



April 14, 2025

Sent via electronic mail and U.S. mail

Sylvia Iglesias, Board Chair
Dr. Laura Schlottman, Executive Director
Explore Academy
2190 N. Canal St.
Orange, CA 92865
siglesias@explorepublicschools.org
lschlottman@explorepublicschools.org

**ORANGE COUNTY
DEPARTMENT
OF EDUCATION**

200 KALMUS DRIVE
P.O. BOX 9050
COSTA MESA, CA
92628-9050

(714) 966-4000

FAX (714) 432-1916

www.ocde.us

STEFAN BEAN, Ed.D.
County Superintendent
of Schools

Re: Notice of Concern Regarding the Fiscal Condition of Explore Academy and Request for a Fiscal Stabilization Plan

Dear Board Chair Iglesias, Board Members, and Dr. Schlottman:

This notice informs the ExploreK12 governing board of identified issues regarding the fiscal health of Explore Academy.

Orange County Department of Education (OCDE) staff reviewed financial data from various sources, including but not limited to the 2024-25 First Interim Report, the 2024-25 Second Interim Report, California Longitudinal Pupil Achievement Data System (CALPADS), ExploreK12 board meeting audio, and board meeting documents. OCDE staff have identified the following concerns:

1. Inaccurate financial reporting and violation of generally accepted accounting principles (GAAP)
2. Over-stated enrollment projections and financial estimates
3. Deficit spending and reserves
4. Cash flow projections and significant debt

Financial Reporting and Violation of GAAP

In a review of the 2024-25 First Interim Report, staff noted that the 5800 series Object Codes did not include an amount for services provided by TrueNorth. TrueNorth is a limited liability corporation that performs various services for Explore Academy, including human resources, marketing and public relations, curriculum and instruction, school culture and management, compliance reporting, student recruitment, facilities, resource management, and risk management. Per the contract, compensation for services equals 8.5 percent of the total LCFF revenue received. According to the first interim budget revenue projections, fees would total \$129,157.

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LISA SPARKS, Ph.D.

JORGE VALDES, Esq.

KEN L. WILLIAMS, D.O.

During the fiscal interview on February 5, 2025, Explore Academy's team stated they did not record the fees because TrueNorth is not collecting payment until the school is in a better financial position. Explore Academy's team confirmed that they would pay fees for past services in the future. The OCDE team discussed that Explore Academy's back office services provider should accrue expenses in the same period the services were performed in order to avoid overstating its fiscal position and violating GAAP.

As of the 2024-25 Second Interim Reporting period, Explore Academy has corrected the issue and recorded the expenditures for TrueNorth's services.

Enrollment and Financial Projections

The 2024-25 adopted budget included overinflated enrollment projections of 170 with an average daily attendance (ADA) of 161.5. CALPADS certified enrollment totaled 122 students. Explore revised its enrollment to 129 students and projected ADA to 121.26 for the first interim reporting period. However, the multi-year projections submitted with the first interim report included enrollment of 198 students in 2025-26. This amount appeared to be overstated, as according to the Executive Director at the oversight visit on February 4, 2025, Explore Academy's current facility can only accommodate 150 students.

Per the 2024-25 Second Interim Report, Explore Academy revised its enrollment projections for the fiscal year 2025-26 downward to 152 students. However, projections for 2026-27 include enrollment of 185 students, which exceeds the facility's capacity.

Student enrollment is the primary driver of school funding, and unreasonable enrollment projections lead to an unreliable multi-year budget. Enrollment projections must be based on reasonable considerations, including facility capacity limits.

Deficit Spending and Reserves

Explore Academy began the year with net assets totaling negative \$305,722. The negative beginning balance is due to the school's delayed opening and sizable costs in its planning years, including facilities and administrative expenses.

Per the 2024-25 Second Interim Report, the school is projecting deficit spending totaling \$213,682 and an ending fund balance of negative \$519,404. The projected unrestricted net position is negative \$539,404.

Multi-year projections show operating increases of \$63,558 in 2025-26 and \$19,599 in 2026-27, with ending fund balances totaling negative \$455,847 and negative \$436,247, respectively. However, if Explore Academy does not meet its enrollment projections, it will likely experience deficit spending and a further deterioration of its fund balance.

We recognize that it is common for a charter school in its first or second year of operation to have inadequate reserves. By the end of the third year, we expect to see a positive ending fund balance with reserves at least equal to what the California Department of Education

requires for a district of a similar size. However, by the end of year three, Explore Academy projects a negative ending fund balance.

Cash flow projections and significant debt

Explore Academy's lack of cash, significant debt, and inability to meet its financial obligations severely undermine its fiscal solvency.

Explore Academy has incurred significant debt. On May 21, 2024, the governing board of Explore Academy approved \$750,000 in revenue bonds through HJ Sims. Explore received the proceeds on June 14, 2024, and immediately paid back \$250,000 in loans to a private lender and SMART Management. The first principal payment of \$100,000 is due May 25, 2026. In the event of default, the interest rate will increase from 10% to 12% per the promissory note.

In addition to \$750,000 in revenue bonds, on October 1, 2024, Explore Academy's board approved a \$250,000 loan agreement with the California School Finance Authority for the Charter School Revolving Loan.

The cash flow projections submitted with Explore Academy's 2024-25 Second Interim Report show a negative cash balance at the end of February 2025. Additionally, the projections show less than one day of cash on hand at the end of March and less than four days at the end of April. The cash flows do not include proceeds from the sale of receivables or other short-term borrowing.

At the ExploreK12 board meeting on February 25, 2025, a board member asked why the check register had three overdraft fees. Executive Director Dr. Schlottman stated they were due to checks that had bounced. Additionally, she said they knew the checks would bounce because funding did not come in on the anticipated schedule, and they had to prioritize payroll over paying several vendors.

At the board meeting on March 25, 2025, the back office services provider, ICON School Management (ICON), stated that with an enrollment projection of 162 students for the 2025-26 fiscal year, the school's financial outlook is "extremely bad" and did not anticipate that Explore Academy would be able to make the \$100,000 principal payment to HJ Sims in May 2026. ICON reported that the school would need to secure short-term borrowing of at least \$300,000 to maintain a positive cash flow in the next school year. ICON noted that the school could not afford ICON's and TrueNorth's fees. Following the meeting, ICON submitted a letter to Explore Academy terminating their services agreement effective May 1, 2025.

Required Actions

Explore Academy must complete the following actions by May 20, 2025. Failure to submit the requested information may result in a Notice of Violation.

1. Submit a detailed board-approved fiscal stabilization plan identifying the steps Explore Academy will take to ensure fiscal solvency. The plan should address the concerns identified in this letter, including how the school will repay its debt.
2. Submit a board-approved third interim report with actuals through April 30 using the template provided by OCDE.
3. Beginning on April 20, after the close of the prior month, and each 20th of the month thereafter, submit monthly cash flows with actuals from the beginning of the fiscal year and projections for the next 18 months.
4. Submit a board-approved contract for financial/accounting services from a back-office services provider.

If you have questions regarding this letter or the review process, please contact me at aday@ocde.us or (714) 966-4387.

Sincerely,



Anna Day
Administrator, Charter Schools Fiscal Oversight

c: Aracely Chastain, Director, Orange County Department of Education
Teresa Johnson, Administrator, Charter Schools Unit
Julie Parra, Coordinator, Charter Schools Unit
Sylvia Iglesias, Chair, ExploreK12
Cherlynn Mendoza, Secretary, ExploreK12
Mike Tardiff, Board Member, Explore K12

EXHIBIT B

SECOND NOTICE OF CONCERN

JUNE 11, 2025



June 11, 2025

Sent via electronic mail and U.S. mail

Cecilia Iglesias, Interim Executive Director

Explore Academy

2190 N. Canal St.

Orange, CA 92865

ciglesais@explorepublicschools.org

Re: Second Notice of Concern Regarding the Fiscal Condition of Explore Academy

Dear Board Members and Ms. Iglesias:

The Orange County Department of Education (OCDE) has completed its review of Explore Academy's May 19, 2025, response to the April 14, 2025, Notice of Concern Regarding the Fiscal Condition of Explore Academy. While we acknowledge your efforts to begin addressing key issues, the response reveals additional concerns and raises questions that require further clarification and correction.

This Second Notice of Concern outlines findings in the areas of fiscal solvency and compliance. The concerns below may represent policy violations, misrepresentations of fiscal standards, and material weaknesses in internal controls.

Negative Unrestricted Net Position and Reserves

The Third Interim Multi-Year Projection (MYP) shows a negative ending fund balance and unrestricted net position of \$(338,931) in FY 2026–27. This directly contradicts the school's response, which claims efforts are underway to ensure a positive ending balance by that time. OCDE staff strongly recommends having an unrestricted net position, or reserves, at least equal to the California Department of Education's (CDE) reserve requirement for a district of a similar size. For a school district with an Average Daily Attendance (ADA) between 0 and 300, CDE requires the greater of 5% of total budgeted expenditures or \$88,000. If we apply this standard to Explore Academy, the amount equates to \$144,966 by the end of FY 2026-27. Explore Academy's current multi-year budget fails to meet the CDE's minimum reserve standards and contradicts its own narrative, claiming compliance by year three.

ORANGE COUNTY DEPARTMENT OF EDUCATION

200 KALMUS DRIVE
P.O. BOX 9050
COSTA MESA, CA
92628-9050

(714) 966-4000

FAX (714) 432-1916

www.ocde.us

STEFAN BEAN, Ed.D.
County Superintendent
of Schools

ORANGE COUNTY BOARD OF EDUCATION

MARI BARKE

TIM SHAW

LISA SPARKS, Ph.D.

JORGE VALDES, Esq.

KEN L. WILLIAMS, D.O.

Explore Academy misrepresents standards for cash reserves by stating, "Charter schools must maintain sufficient cash to meet obligations, with CDE recommending at least 3 to 5 days of cash on hand." This framing is incomplete and potentially misleading. It undermines the seriousness of the liquidity issues by citing the absolute minimum reference point rather than aligning with authoritative guidance or OCDE expectations.

In the publicly available Memorandum of Understanding between the State Board of Education and charter schools under its authorization, the reserve requirement is at a level at least equivalent to a school district of a similar size as identified in California Code of Regulations, Title 5, Section 15450. This would mean a 5% reserve for Explore Academy. For a charter school, reserves are the net position that is not included in determining net investment in capital assets or restricted net position and include liquid assets such as unrestricted cash.

According to the Fiscal Crisis and Management Assistance Team's (FCMAT) California Charter School Accounting and Best Practices Manual, "FCMAT recommends a minimum cash reserve of 5% of total budgeted expenditures and development of a plan to increase this to 10% over five years." FCMAT further states, "Cash reserves are needed to manage cash flow and avoid costly borrowing... A positive fund balance may still coincide with cash shortfalls."

Additionally, OCDE recommends maintaining a minimum of 30 days of cash on hand, which aligns with industry norms and the typical timing of revenue receipts for a charter school. Falling below 30 days of cash exposes the school to payroll risk, vendor default, emergency borrowing, and high-interest bridge loans.

Actual guidance directly contradicts Explore Academy's claim. Three to five days of cash is insufficient and is nowhere cited as a standard in FCMAT, CDE, or OCDE fiscal protocols.

Inconsistent Enrollment and Facility Projections

Explore Academy's response acknowledges that the previously projected enrollment of 185 students in 2026–27 is not feasible. However, the Third Interim MYP still assumes 180 students in FY 2026–27, while the response simultaneously states a revised facility capacity of 170 students. This internal inconsistency raises serious concerns about the reliability of the revenue projections tied to ADA. It remains unclear whether additional facilities required to support enrollment beyond 170 students are secured or are being negotiated.

Misclassification of Financing as Revenue

Explore Academy's response incorrectly describes "bridge loans and/or a line of credit" as revenue opportunities. Such instruments are short-term financing mechanisms, not revenue, under Financial Accounting Standards Board (FASB) accounting standards. While they may provide temporary cash flow, they increase liabilities and do not contribute to the fund balance or net position.

Disbursement Policy Violation

Explore Academy's response indicates the Executive Director acknowledged writing checks despite being informed of insufficient funds. This is in direct violation of the school's Fiscal Policies and Procedure Manual, which requires that the back-office provider process all disbursements, include proper documentation and approval, and be mailed by the back-office provider after approval. Further clarification is needed to determine if the Executive Director physically wrote checks, as suggested in the response, or if the Executive Director submitted documentation and approval to the back-office services provider to process payments.

TrueNorth Fees

It appears TrueNorth's fees are recorded in Object 5809, Other Taxes and Fees, since amounts budgeted for 2025-26 and 2026-27 correspond with fees totaling 5% of LCFF revenue for 2025-26 and 8.5% for 2026-27. According to the current year budget and actuals reported through April 30, 2025, \$54,573 is budgeted, with \$29,983 expended.

Based on the information provided by Explore Academy, TrueNorth waived fees for FY 2024-25. Clarification is needed on actual amounts expended, why any amount remains budgeted in Object 5809, and what the remaining \$24,590 represents. If these funds are no longer obligated, they should be removed or reclassified accordingly in financial reporting.

Required Actions

Explore Academy must complete the following actions by Friday, June 20, 2025. Failure to submit the requested information may result in a Notice of Violation.

1. Submit a revised plan and MYP that meets CDE minimum reserve standards and includes a realistic, documented plan to achieve and sustain a positive unrestricted net position.
2. Submit an updated plan and MYP that aligns enrollment projections with current facility capacity or includes verified assumptions for facility expansion.
3. Amend all financial narratives to clearly distinguish between revenue and financing and avoid characterizing debt instruments as revenue sources.
4. Amend any reference to three to five days of cash as sufficient per CDE's standards in the plan. Clarify that Explore Academy will maintain a minimum of 30 days of cash on hand.
5. Clarify whether the Executive Director physically wrote checks, and if so, provide a corrective action plan addressing staff training on fiscal policies, a review of past disbursements, and internal control reinforcement.
6. Submit a reconciliation of Object 5809 showing the specific services and vendors associated with both expended and budgeted amounts.

7. Provide the board-approved amended agreement between Explore Academy and TrueNorth Support Services LLC that formally documents the waiver of all fees for the 2024–25 fiscal year.

If you have questions regarding this letter or the review process, please contact me at aday@ocde.us or (714) 966-4387.

Sincerely,

Anna Day

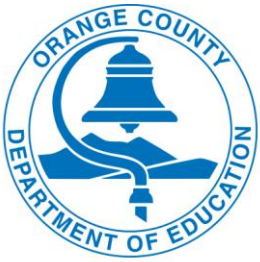
Anna Day
Administrator, Charter Schools Fiscal Oversight

c: Aracely Chastain, Executive Director, Orange County Department of Education
Teresa Johnson, Administrator, Charter Schools Unit
Julie Parra, Coordinator, Charter Schools Unit
Cherlynn Mendoza, Secretary, ExploreK12
Mike Tardif, Board Member, ExploreK12
Sal Tinajero, Board Member, ExploreK12
Lloyd Boucher-Reyes, Board Member, ExploreK12

EXHIBIT C

THIRD NOTICE OF CONCERN

NOVEMBER 3, 2025



November 3, 2025

Sent via electronic mail and U.S. mail

Cecilia Iglesias, Executive Director
Explore Academy
2190 N. Canal St.

Orange, CA 92865

ciglesias@explorepublicschools.org

**ORANGE COUNTY
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200 KALMUS DRIVE
P.O. BOX 9050
COSTA MESA, CA
92628-9050

(714) 966-4000

FAX (714) 432-1916

www.ocde.us

STEFAN BEAN, Ed.D.
County Superintendent
of Schools

Re: Third Notice of Concern Regarding the Fiscal Condition and Operation of Explore Academy

Dear Board Members and Ms. Iglesias:

The Orange County Department of Education (OCDE) continues to identify significant concerns regarding Explore Academy's fiscal solvency, budget reliability, and compliance. This Third Notice of Concern is issued following OCDE's review of the 2025–26 Preliminary Budget and verified enrollment as of the first day of instruction.

Key findings include unrealistic enrollment and revenue assumptions, understated expenditures, inadequate staffing ratios, cash flow risks, insufficient reserves, and continued noncompliance with required monthly cash flow reporting.

Unrealistic Enrollment and Revenue Assumptions

The 2025–26 Preliminary Budget assumes enrollment of 150 students and an Average Daily Attendance (ADA) of 142.50 (95%), yielding projected Local Control Funding Formula (LCFF) revenue of \$1,923,592. However, as of October 1, 2025, actual enrollment was 73 students, equating to a 95% ADA of 69.35.

Recalculated LCFF revenue based on actual ADA totals \$944,033, which is nearly \$1 million less than budgeted. This materially alters the school's financial outlook, eliminating the projected \$264,486 operating surplus and resulting instead in an estimated \$715,073 deficit, with a projected ending fund balance of negative \$1,535,393.

The Fiscal Crisis and Management Assistance Team (FCMAT) independently reviewed Explore Academy's adopted 2025–26 budget and multi-year projections. Using actual enrollment data, FCMAT projects an ADA of 68.73 and LCFF revenue of \$931,611, confirming that revenues were materially overstated. Overall, FCMAT found revenues overstated by

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TIM SHAW

LISA SPARKS, Ph.D.

JORGE VALDES, Esq.

KEN L. WILLIAMS, D.O.

\$973,785 and expenditures understated by \$149,650, a net negative variance of \$1,123,435.

Staffing Levels and Position Control

The budget includes salary and benefit costs for seven teachers, though eight were in the hiring process as of July 2025, resulting in understated expenditures and a larger deficit.

FCMAT determined that staffing levels are not aligned with enrollment and recommended the adoption of enrollment-based staffing formulas for administrative, certificated, and classified positions, supported by an accurate position control system.

Cash Flow Risks

After adjusting LCFF revenue to 69.35 ADA and aligning cash flow timing with state apportionment schedules, OCDE projections show negative cash beginning March 2026 (–\$47,465) and declining to approximately negative \$521,945 by June 30, 2026. This trajectory indicates significant payroll risk and potential reliance on costly borrowing.

OCDE reiterates that the school must maintain a minimum of 30 days of cash on hand monthly to mitigate payroll and vendor payment risks, consistent with the expectations outlined in the Second Notice.

FCMAT emphasized that without adequate cash, the school is effectively insolvent. It recommends monthly cash monitoring and maintaining 18-month cash flow projections. FCMAT also observed the absence of a purchase order system and noted returned checks for insufficient funds. The immediate implementation of a purchase order system and the prohibition of unbudgeted purchases are required.

Financial Performance

Explore Academy began operations with negative net assets of \$305,722, primarily due to pre-opening costs. The 2024–25 Preliminary Budget projected an operating surplus of \$38,438 and ending net assets of negative \$269,473. However, 2024–25 Unaudited Actuals show a deficit of \$518,045 and ending net assets of negative \$820,320, primarily due to enrollment shortfalls.

Fiscal Year 2024–25	Adopted Budget	1st Interim	2nd Interim	Unaudited Actuals
Revenues	\$2,834,838	\$2,354,580	\$2,311,316	\$1,966,380
Expenditures	\$2,796,400	\$2,334,717	\$2,524,998	\$2,484,425
Surplus/(Deficit)	\$38,438	\$19,863	(\$213,682)	(\$518,045)
Beginning Fund Balance*	(\$307,911)	(\$305,722)	(\$305,722)	(\$302,274)
Ending Fund Balance	(\$269,473)	(\$285,859)	(\$519,404)	(\$820,320)

*Estimated at budget adoption

The continued pattern of deficit spending and declining net assets demonstrates a severe structural imbalance.

Minimum Reserves and Fiscal Recovery

OCDE and FCMAT recommend maintaining reserves consistent with California Department of Education standards for districts of similar size—the greater of 5% of expenditures or \$88,000 for 2025–26. Explore Academy would require \$1.43 million in reductions to meet this minimum, underscoring the need for an immediate, board-approved Fiscal Recovery Plan to restore solvency and reserves.

Continued Noncompliance with Required Monthly Cash Flow Reporting and Failure to Submit Documents to Authorizer

The April 14, 2025, Notice of Concern required monthly submission of cash flow statements by the 20th of each month, including year-to-date actuals and 18 months of projections. As of this notice, Explore Academy remains noncompliant.

Additionally, multiple requested documents remain outstanding through Reportwell, including but not limited to:

- Board roster and certification of employee screening
- Student-family handbook and required website postings
- Certification of annual notices and professional development plan
- September 10, 2025, special board meeting packet and audio
- Monthly enrollment certification (September 2025)
- 2025–26 EPA resolution and 2024–25 final accounting
- Fiscal year-end bank statements and reconciliations (June 2025)
- Independent study policies and agreements
- Fiscal oversight and annual visit documentation

Required Actions

Explore Academy must complete the following actions by **November 26, 2025**. Failure to comply will result in a Notice of Violation.

1. Submit a **revised, board-approved 2025–26 budget and multi-year projections** on the OCDE template, reflecting actual enrollment and updated revenue and expenditure assumptions. Include board minutes and the LCFF calculator in Excel format.
2. Submit a **board-approved Fiscal Recovery Plan** detailing specific reductions (by object and dollar amount) sufficient to eliminate deficit spending and restore and maintain a 5% reserve and sustain 30 days of cash on hand each month to meet payroll and other obligations, with a clear implementation timeline.

3. Submit all **past-due monthly cash flows** and resume on-time submission by the 20th of each month, including actuals to date and 18 months of projections reflecting payment timing and any borrowing plans.
4. Implement a **purchase order system**, restrict debit/credit card use per policy, and prohibit unbudgeted purchases. Provide board-approved policies, training documentation, and a sample PO register.
5. Provide **board action and documentation of staffing ratios** tied to enrollment, and reconcile position control data with the budgeted Full-Time Equivalent (FTE).
6. Provide **board-approved policies** governing accounts payable and cash receipt controls, including reconciliation, prenumbered receipts, and segregation of duties.
7. Certify that all **independent contractor vs. employee classifications** have been reviewed and that all service contracts are properly executed and budgeted.
8. Submit all **outstanding documents** due in Reportwell.

If you have questions regarding this letter or the review process, please contact me at aday@ocde.us or (714) 966-4387.

Sincerely,

Anna Day

Anna Day
Administrator, Charter Schools Fiscal Oversight

c: Aracely Chastain, Executive Director, Orange County Department of Education
Teresa Johnson, Administrator, Charter Schools Unit
Julie Parra, Coordinator, Charter Schools Unit
Mike Tardif, Board Member, ExploreK12
Marilia Balas, Board Member, ExploreK12
Sal Tinajero, Board Chair, ExploreK12
Lloyd Boucher-Reyes, Board President, ExploreK12

EXHIBIT D

FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM

FISCAL REVIEW OF EXPLORE ACADEMY

OCTOBER 24, 2025

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Fiscal Review

October 24, 2025

Budget



Amount	Details	Month	Amount
4,500	Mid Year Bonus	June	2,000
2,500	Year End Bonus	December	3,000
		January	5,000

Costs	Month	Amount
2,300	November	450
600	December	600
350	December	300
60	July	800
100	January	800
	January	800
	January	800
	January	800

Annual Budget by Month	April	May	June
	9,915	13,220	16,000
		7,000	
		0	

Orange County Department of Education

Michael H. Fine
Chief Executive Officer

October 24, 2025

Renee Hendrick, Deputy Superintendent, Operations, Governance and Community Partnerships
Orange County Department of Education
200 Kalmus Drive
Costa Mesa, CA 92626

Dear Deputy Superintendent Hendrick:

In June 2025, the Orange County Department of Education (department) and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to review the Explore Academy's 2025-26 adopted general fund budget, develop an independent multiyear financial projection (MYFP) for the current and two subsequent fiscal years and review the charter school's business and human resources processes and procedures. The study agreement specifies that FCMAT will complete the following:

1. Review the Explore Academy's 2025-26 adopted general fund budget and use it as a baseline to develop an independent multiyear financial projection (MYFP) for the current and two subsequent fiscal years. The MYFP will be a snapshot in time of the charter school's financial status. Make recommendations for expenditure reductions and/or revenue increases to help the charter school eliminate its structural budget deficit, if any.
2. Review the charter school's operational processes and procedures in the Business Services Department and make recommendations for improved efficiency, if any, in the following areas:
 - Budget development.
 - Budget monitoring.
 - Position control.
 - Payroll.
 - Accounts payable.
 - Accounts receivable.
 - Contracted services.
3. Review the charter school's operational processes and procedures in the Human Resources Department and make recommendations for improved efficiency, if any. The review will include, but may not be limited to:
 - Hiring, onboarding and exit interviews.
 - Evaluations.
 - Training and cross-training.
 - Personnel file management.

- Leave management.
4. The team will present the final report to the charter school's governing board at a public meeting following the completion of the review.

This report contains the study team's findings and recommendations.

FCMAT appreciates the opportunity to serve the Orange County Department of Education and extends thanks to the staff for their assistance during fieldwork.

Sincerely,

A handwritten signature in black ink that reads "Michael H. Fine". The signature is written in a cursive, flowing style.

Michael H. Fine
Chief Executive Officer

Table of Contents

About FCMATii

Introduction.....iv

 Backgroundiv

 Study and Report Guidelinesiv

 Study Teamv

Executive Summaryvi

Findings and Recommendations..... 1

 Multiyear Financial Projection..... 1

 Enrollment, Unduplicated Pupils, and Average Daily Attendance 4

 Multiyear Financial Projection Assumptions 9

 Multiyear Financial Projection Analysis.....20

 Business Services Operational Processes and Procedures29

 Human Resources.....45

Appendix52

About FCMAT

Purpose and Services

FCMAT was created by the California Legislature to help California's transitional kindergarten through grade 14 (TK-14) local educational agencies (LEAs) avoid fiscal insolvency. Today, FCMAT helps LEAs identify, prevent and resolve financial, management, program, data, and oversight challenges; provides professional learning; produces and provides software, checklists, manuals and other tools; and offers other related school business and data services.

FCMAT may be asked to provide fiscal crisis or management assistance by a school district, charter school, community college, county superintendent of schools, the state superintendent of public instruction, or the Legislature.

When FCMAT is asked for help with management assistance or a fiscal crisis, FCMAT management and staff work closely with the requesting LEA to meet their needs. Often this means conducting a formal study using a FCMAT study team that coordinates with the LEA for on-site fieldwork to evaluate specified operational areas and subsequently produces a written report with findings and recommendations for improvement.

For more immediate needs in a specific area, FCMAT offers short-term technical assistance from a FCMAT staff member with the required expertise.

To help meet the need for qualified chief business officials (CBOs) in LEAs, FCMAT offers four different CBO training and mentoring programs that consist of 11 or 12 diverse two-day training sessions over the course of a full year.

For agencies with professional learning needs, FCMAT offers workshops on specific topics. Popular topics include associated student body operations, use of FCMAT's Projection-Pro online financial forecasting software, use of FCMAT's Local Control Funding Formula (LCFF) Calculator, and data reporting for the California Longitudinal Pupil Achievement Data System (CALPADS). FCMAT staff and management also frequently make presentations at various professional conferences.

The California School Information Services (CSIS) service of FCMAT helps the California Department of Education (CDE) operate CALPADS; helps LEAs learn about CALPADS, resolve data issues and meet reporting requirements; and provides LEAs with training and leadership in data management. CSIS also developed and continues to host and improve the Standardized Account Code Structure (SACS) web-based financial reporting system for all California LEAs, and provides ed-data.org, which gives educators, policy-makers, the Legislature, parents and the public quick access to timely and comprehensive data about TK-12 education in California.

Since it was formed, FCMAT has provided LEAs with the types of help described above on more than 2,000 occasions.

FCMAT's administrative agent is the Kern County Superintendent of Schools. FCMAT is led by Michael H. Fine, Chief Executive Officer, and is funded by appropriations in the state budget and modest fees to requesting agencies.

Workshop schedules, manuals, presentation slide decks, Projection-Pro software, LCFF calculators, past reports, an online help desk, and many other resources are available for download or use at no charge on FCMAT's website.

History

FCMAT was created by Assembly Bill 1200 (Chapter 1213, Statutes of 1991) and Education Code (EC) 42127.8. Assembly Bill 107 (Chapter 282, Statutes of 1997) added Education Code 49080, which charged FCMAT with responsibility for CSIS and its statewide data management work, and Assembly Bill 1115 (Chapter 78, Statutes of 1999) codified CSIS' mission.

Assembly Bill 1200 created a statewide plan for county offices of education and school districts to work together locally to improve fiscal procedures and accountability standards. Assembly Bill 2756 (Chapter 52, Statutes of 2004) gave FCMAT specific responsibilities for districts that have received emergency state loans.

In January 2006, Senate Bill 430 (Chapter 357, Statutes of 2005) amended Education Code 42127.8, and Assembly Bill 1366 (Chapter 360, Statutes of 2005) amended Education Codes 42127.8 and 84041. These new laws expanded FCMAT's services to include charter schools and community colleges, respectively.

Assembly Bill 1840 (Chapter 426, Statutes of 2018) changed how fiscally insolvent districts are administered once an emergency appropriation has been made, shifting oversight responsibilities from the state to the local county superintendent to be more consistent with the principles of local control, and giving FCMAT new responsibilities associated with the process.

Introduction

Background

The Explore Academy is a public charter school located in Orange, CA in Orange County. Established in October 2021, the charter school began serving students in the 2024-25 school year with a census day enrollment of 126 students. The unduplicated pupil percentage (UPP), which includes students who qualify for free and reduced-price meals, English language learners and foster youth, was 64.75% in 2024-25.

The school serves grades transitional kindergarten through grade eight (TK-8) on a site owned and leased to the school by the Orange Unified School District. As a public charter school, the school is primarily funded through state apportionments and in-lieu of property taxes and receives public funding specific to various state and federal programs. Like traditional school districts in California, all funds received by a charter school are public, collected from taxpayers to be used in the educational process and subject to the same spending restrictions.

The charter school's authorizer is the Orange County Department of Education (OCDE). The authorizer is responsible for ensuring the charter school complies with all applicable laws and the terms of its charter, as outlined in California Education Code (EC) 47604.32. These responsibilities also include monitoring the charter school's fiscal condition, ensuring it complies with all reporting requirements, and providing general guidance and assistance on various educational, operational and fiscal issues.

While charter school governance structures vary throughout the state, a public charter school is required to have a governing board that typically oversees school policies and procedures, school operations, and the charter school's fiscal health. The number of board directors can vary by charter school. Between 2022-23 and 2025-26, the Explore Academy governing board consisted of three to seven directors, each serving a three-year term, and selected through an application process.

The charter school administration consists of an executive director/principal who oversees all the staff and operations of the school.

Study and Report Guidelines

FCMAT visited the charter school on July 30 and 31 to conduct interviews with charter school staff, and to collect and review documents. Following fieldwork, FCMAT continued to review and analyze documents and conducted additional virtual interviews on September 4 and 5. This report is the result of those activities.

FCMAT's reports focus on systems and processes that may need improvement. Those that may be functioning well are generally not commented on in FCMAT's reports. In writing its reports, FCMAT uses the Associated Press Stylebook and its own short internal style guide, which emphasize plain language, capitalize relatively few terms, and strive for conciseness, clarity and simplicity.

Study Team

The study team was composed of the following members:

Robbie Montalbano
FCMAT Intervention Specialist

Alyssa Low
FCMAT Intervention Specialist

Jennifer Nerat
FCMAT Intervention Specialist

Leonel Martinez
FCMAT Technical Writer

All team members reviewed the draft report to confirm accuracy and achieve consensus on the final recommendations.

Executive Summary

Established in 2022 and opening to students in 2024-25, Explore Academy has experienced turnover at every level of its organization, including the governing board, executive director, teachers, and support staff. The school is now operating under its fourth director since inception and continues without an office manager.

At the time of fieldwork, the school had 73 students and employed seven teachers for the 2025-26 school year, resulting in a very low student-to-teacher ratio. Despite spending more than \$90,000 on student recruitment efforts since 2022, enrollment has declined by more than 50 students from 2024-25 to 2025-26.

As a small charter school, Explore Academy relies heavily on consultants for many of its operational functions. Even these contracted services have experienced turnover: the school is currently working with its second financial back-office provider and its second human resources provider.

Even with significant, immediate expense reductions, the school may be unable to stabilize financially. Cash management and availability are serious concerns. Cash flow has reached such a critical level that individual payments must be reviewed for available funds prior to processing, and some payments have been returned for insufficient funds.

While this report identifies potential improvements in business and human resources operations, Explore Academy's immediate challenges lie in its fragile cash position and the risk to ongoing operations. The urgency of cash flow and operational continuity outweighs every other issue.

The FCMAT team experienced significant challenges in obtaining documentation from Explore Academy across all areas reviewed. As a result, the report identifies areas where the lack of information may limit the accuracy of projections.

Findings and Recommendations

Multiyear Financial Projection

Prudent financial planning is critical for all local educational agencies (LEAs), regardless of their size or structure. Multiyear financial projections (MYFPs) enable charter schools to make budget decisions that strategically align current and future resources with their goals, programs, and Local Control and Accountability Plan (LCAP). Recognizing financial trends is also essential for maintaining charter schools' fiscal health. Monitoring and analyzing year-to-year trends in key budget areas helps charter schools identify areas of concern and take action to mitigate their effects. The primary objective in developing an MYFP is to achieve and sustain a balanced budget that will allow the charter school to maintain its fiscal solvency and ongoing operations.

Multiyear financial projections forecast the future fiscal impact of current decisions. Any forecast of financial data has inherent limitations because calculations are based on certain economic assumptions and criteria, including enrollment trends, cost-of-living adjustments (COLAs), estimates of various one-time and ongoing costs, and changing economic conditions at federal, state and local levels. Therefore, any projection should be viewed as a point-in-time trend based on recent assumptions rather than a prediction of exact amounts. Projections should be updated at least at each financial reporting period, when known economic forecasts change, and before any significant decisions are made that affect the budget, such as salary increases or other major financial commitments. Regular and frequent budget monitoring is important, particularly in times of fiscal uncertainty, when MYFPs become less reliable due to frequent changes in projected federal and state revenues.

California LEAs use various methods and tools to prepare MYFPs. The significant investment in one-time and ongoing restricted programs in transitional kindergarten-12 education over the last four years necessitates the development of MYFPs by resource. This level of detail ensures that projections account for both one-time funds and restricted funds available for expenditure over multiple years. MYFPs completed by resource also ensure that charter schools spend restricted funds before unrestricted, efficiently plan for the best use of funds, and accurately project their fund balances into subsequent years. This tracking can be accomplished using FCMAT's [Projection-Pro](#) multiyear and cash flow projection software, a web-based forecasting tool that is available for free to all school districts, charter schools, and county offices.

Maintaining fiscal solvency while maximizing services to students with available resources is a continuing challenge for governing boards, which have a fiduciary responsibility to ensure the fiscal solvency of their respective charter school. Each charter school has unique financial risk factors based on their reserve levels, enrollment trends, employee compensation, revenue volatility, and various other local factors. Charter schools that plan accordingly can achieve their program goals and objectives while maintaining their fiscal health.

Adjustment Analysis

When developing the MYFP for the charter school, FCMAT reviewed the charter's revenues and expenditures for the prior year (2024-25) to gain a historical understanding of the charter's finances. Normally FCMAT will review at least the two prior years; however, the charter school only began serving students in 2024-25. The team used the school's 2025-26 adopted budget as the basis for determining the projections for the base year and the two subsequent fiscal years and applied industry-standard criteria from

the Department of Finance (DOF), the California Department of Education (CDE) and School Services of California, Inc. (SSC). FCMAT developed its MYFP using the Projection-Pro software.

The first step in FCMAT’s MYFP development process was to establish the base year revenues and expenditures. For this analysis, the base year is the 2025-26 fiscal year. Accurately estimating the base revenue and expenditure amounts is crucial because they are the foundation upon which subsequent years’ financial projections are built. Without accurate base figures, the projections for the following years may be flawed or unreliable.

Table 1 shows the differences between the charter school’s 2025-26 adopted budget and FCMAT’s analysis. FCMAT used the school’s 2025-26 adopted budget report to determine the beginning fund balance and restricted program fund balances for 2025-26. FCMAT was not provided with the charter school’s 2024-25 unaudited actuals report, which would reflect the ending fund balance after all accounting transactions are recorded for the fiscal year. It should also be noted that the charter school has not completed its 2023-24 annual independent audit in accordance with EC 41020 even though financial transactions occurred in that year. As a result, the school’s 2024-25 beginning fund balance has not been independently verified by the school’s audit firm. Any potential findings could have a material negative impact on the charter school’s current budget and estimated ending fund balance.

FCMAT incorporated the reserve for economic uncertainties to be the greater of 5% of total budgeted expenditures or \$88,000 to align with the Orange County Department of Education’s reserve recommendation. Differences in projected revenues and expenditures are explained in the “Multiyear Financial Projection Assumptions” section of this report.

Table 1. Multiyear Financial Projection Comparison Summary, Unrestricted and Restricted, 2025-26

Description	Object Code	Charter School 2025-26 Adopted Budget/Base Year Budget	FCMAT Adjustment to Base Year	FCMAT 2025-26 Budget
A. Revenues				
LCFF Sources	8010-8099	\$1,923,592	(\$991,981)	\$931,611
Federal Revenue	8100-8299	\$210,112	(\$86,623)	\$123,489
Other State Revenues	8300-8599	\$312,176	\$7,264	\$319,441
Other Local Revenues	8600-8799	\$26,000	\$97,555	\$123,555
Total Revenue		\$2,471,880	(\$973,785)	\$1,498,096
B. Expenditures				
Certificated Salaries	1000-1999	\$746,053	(\$34,519)	\$711,534
Classified Salaries	2000-2999	\$226,980	(\$49,131)	\$177,849
Employee Benefits	3000-3999	\$187,911	(\$65,656)	\$122,255
Books and Supplies	4000-4999	\$197,610	(\$10,631)	\$186,979
Services and Other Operating Expenditures	5000-5999	\$773,841	\$84,587	\$858,428
Capital Outlay	6000-6999			

Description	Object Code	Charter School 2025-26 Adopted Budget/Base Year Budget	FCMAT Adjustment to Base Year	FCMAT 2025-26 Budget
Other Outgo (excluding Transfers of Indirect Costs)	7100-7299 7400-7499	\$75,000	\$225,000	\$300,000
Other Outgo - Transfers of Indirect Costs	7300-7399			
Other Financing Uses - Transfers Out	7600-7629			
Total Expenditures		\$2,207,395	\$149,650	\$2,357,045
E. Net Increase/Decrease in Fund Balance		\$264,485	(\$1,123,435)	(\$858,949)
F. Fund Balance				
Beginning Fund Balance, July 1	9791	(\$449,658)		(\$449,658)
Audit Adjustments	9793			
Adjusted Beginning Balance		(\$449,658)		(\$449,658)
Ending Fund Balance, June 30		(\$185,171)	(\$1,123,435)	(\$1,308,607)

Sources: Charter school's 2025-26 adopted budget and FCMAT's MYFP.

Note: Rounding used in calculations.

Enrollment, Unduplicated Pupils, and Average Daily Attendance

Enrollment and Average Daily Attendance Projections

Enrollment and average daily attendance (ADA) projections are essential elements of any MYFP because student enrollment and ADA by grade level are core components of the Local Control Funding Formula (LCFF), the primary revenue source for charter schools. Accurate enrollment projections are crucial for identifying changes that may significantly impact an LEA's estimated revenue and expenditures in the current and subsequent fiscal years of an MYFP. Failure to identify significant ADA changes and to plan for necessary staffing adjustments in a timely manner can severely affect a charter school's financial position.

Enrollment and ADA projections should be prepared frequently and with sufficient detail to monitor and project class sizes for subsequent years. Timely preparation of projections enables charter schools to respond appropriately to enrollment declines or increases, allowing them to adjust staffing and expenditure budgets accordingly. These projections are also essential for determining instructional priorities, staffing ratios, grade level configurations, and/or future growth and expansion.

Enrollment and ADA projections have inherent limitations because they are based on assumptions rather than exact calculations. Enrollment is influenced by various factors, such as unforeseen events affecting enrollment (e.g., the COVID-19 pandemic), shifts in local and regional demographics and birth rates, and fluctuating local, state, and national economic conditions. Other variables include historical ratios of enrollment progression between grade levels. Therefore, enrollment and ADA projections should be viewed as reasonable forecasts or trends rather than predictions of exact numbers.

In interviews charter school staff shared that several families had disenrolled their students for the 2025-26 school year because of uncertainty surrounding the school's ability to continue as a going concern. Of the 126 students enrolled in 2024-25, 75 students did not re-enroll for 2025-26. As of August 27, 2025, the school reported that 73 new and returning students were enrolled for the 2025-26 school year, which is just less than half of the 150 students the charter had projected to enroll.

FCMAT found that, although the school monitored and analyzed historical enrollment and ADA for the prior year including the loss of 75 students, it did not use that information to develop its revenue projections for 2025-26. To develop its MYFP, FCMAT reviewed the charter school's actual enrollment of 73 students as of August 27, 2025, its unduplicated pupil count (UPC), and its ADA trend for the prior year. The team then used Projection-Pro to prepare projections for the base year and the two subsequent years. These projections were used to calculate LCFF and other federal and state revenue estimates.

Enrollment

The school's 2025-26 adopted budget MYFP projects an enrollment of 150 students in 2025-26, followed by an enrollment of 170 students in 2026-27 and 170 students in 2027-28. FCMAT's enrollment projections differ significantly from the school's projections (see Table 4 in the "Comparison of Charter School and FCMAT Projections" subsection of this report).

Local educational agencies commonly use the cohort survival method to project enrollment, which is also the model used by FCMAT's Projection-Pro software. This method groups students by grade level upon entry and tracks them through each year they remain in school to evaluate the longitudinal relationship

of the number of students advancing from one grade to the next. By doing so, the cohort survival method more closely accounts for student retention and new and departing students by grade.

Cohort survival rates are calculated from historical enrollment data certified on the Fall 1 census day for the California Longitudinal Pupil Achievement Data System (CALPADS), which is always the first Wednesday in October. This data is used to determine the percentage increase or decrease in enrollment between any two grades. For example, if 100 students were certified as enrolled in first grade in 2024-25 and that number increased to 104 in second grade in 2025-26, the cohort survival rate would be 104%, or a ratio of 1.04. These ratios are calculated between each pair of grades over several years. Such ratios are key factors that contribute to the reliability of the projections and depend on the validity of the initial data. Each ratio collectively encompasses the variables that could account for an increase or decrease in the size of a grade cohort as it progresses over time.

The anomaly of 75 students leaving the school and only one year of operational enrollment data ruled out the ability to use a cohort survival method to project enrollment. To account for this, FCMAT used the actual enrollment by grade level as of August 27, 2025, for the 2025-26 base year and then used a simple age-through methodology that assumes a 100% cohort survival rate (each grade level transfers the same number of students to the following year's enrollment) for the 2026-27 and 2027-28 years.

Table 2. Historical Data and FCMAT Enrollment Projections, 2024-25 through 2027-28

	Actual 2024-25	Projected 2025-26	Projected 2026-27	Projected 2027-28
Grade TK	21	9	9	9
Grade K	16	7	9	9
Grade 1	11	11	7	9
Grade 2	13	15	11	7
Grade 3	13	4	15	11
Subtotal TK-3	74	46	51	45
Grade 4	18	6	4	15
Grade 5	17	13	6	4
Grade 6	11	6	13	6
Subtotal 4-6	46	25	23	25
Grade 7	2	2	6	13
Grade 8	4	0	2	6
Subtotal 7-8	6	2	8	19
Total Enrollment	126	73	82	89
Change from Prior School Year		-53	9	7

Sources: CDE Dataquest and FCMAT's MYFP.

Unduplicated Pupil Percentage

The charter school's UPP is used to determine a portion of its LCFF funding, specifically for supplemental and concentration grants. The UPP is the percentage of students identified as English learners, foster youth, or eligible for free or reduced-price meals. Each student is counted only once, even if they meet more than one of these criteria. The UPP for LCFF funding is calculated using a three-year rolling average of the ratio of unduplicated students to total enrollment.

The school's UPP was at 64.75% in 2024-25. The school's 2025-26 adopted budget MYFP projected the number of unduplicated pupils to increase by 18 students in 2025-26 to a total of 97, and a UPP of approximately 64.7%. Following this, the number is expected to increase by 13 students in 2026-27 and remain steady in 2026-27, resulting in a UPP of around 64.7% each year.

FCMAT's UPP projection for each of the projection years is assuming the same ratio of the school's 2024-25 unduplicated pupil count to total enrollment of 64.75% adjusted for rounding by whole student count, which is materially unchanged from the charter school's projection for 2025-26, 2026-27, and 2027-28.

Average Daily Attendance

The total number of student attendance days in a school year is divided by the total number of instructional days to calculate ADA. Charter school LCFF apportionments are based on the current year's second reporting period (P-2) ADA. P-2 ADA is calculated using student attendance from the first day of school through the last school month ending on or before April 15.

The charter school monitors and analyzes enrollment and ADA regularly and by reporting period (i.e., first, second and annual). For its 2025-26 adopted budget MYFP, the charter school used a 95% attendance ratio for its ADA projections. FCMAT reviewed the charter school's enrollment and ADA ratio from 2024-25, comparing the October 2024 CALPADS student enrollment count to the P-2 ADA to determine the ADA-to-enrollment ratios by grade span for grades TK-8. The school's attendance rates by grade span range from 86.3% to 95.8%. FCMAT applied the attendance rates by grade span to project ADA for the 2025-26 year and for the two subsequent years.

Table 3. Historical Data and FCMAT Projections of Enrollment and ADA by LCFF Grade Span, 2024-25 — 2027-28

	Actual 2024-25	Projected 2025-26	Projected 2026-27	Projected 2027-28
Grade TK (for LCFF TK Add-On)				
ADA	20.27	8.62	8.62	8.62
Enrollment	21	9	9	9
ADA-to-Enrollment Ratio	96.52%	95.78%	95.78%	95.78%
Grades TK-3				
ADA	69.39	44.08	48.87	43.12
Enrollment	74	46	51	45
ADA-to-Enrollment Ratio	95.82%	95.83%	95.82%	95.82%
Grades 4-6				
ADA	44.42	22.92	21.09	22.92
Enrollment	46	25	23	25
ADA-to-Enrollment Ratio	91.70%	91.68%	91.70%	91.68%
Grades 7-8				
ADA	5.16	1.73	6.91	16.40
Enrollment	6	2	8	19
ADA-to-Enrollment Ratio	86.33%	86.50%	86.38%	86.32%

Sources: DataQuest, CDE Apportionment Funding Exhibits-Charter School ADA and FCMAT’s MYFP.

Note: Variances between DataQuest, Ed-Data and CDE may occur due to timing of certified reports, LEA audit adjustments and LCFF funding requirements.

Comparison of Charter School and FCMAT Projections

FCMAT’s enrollment projections were significantly lower than the charter school’s in each year, which led to similar differences in UPC and ADA. Table 4 highlights the differences between the charter school’s adopted budget projections and FCMAT’s projections.

Table 4. Comparison of Charter School and FCMAT MYFP Projections, 2025-26 through 2027-28

Charter School 2025-26 Adopted Budget MYFP	2025-26	2026-27	2027-28
Total Enrollment	150	170	170
Difference from FCMAT	77	88	81
Unduplicated Pupil Count	97	110	110
Difference from FCMAT	50	57	52
Total ADA	142.50	161.50	161.50
Difference from FCMAT (does not include TK)	73.77	84.63	79.06

Sources: Charter school's 2025-26 adopted budget report and FCMAT's MYFP.

Note: Minor discrepancies in reported figures are the result of rounding applied during calculations.

Recommendations

The charter school should:

1. Continue to communicate its educational strengths to parents, guardians, students, and the community; continue to explore options to increase student enrollment.
2. Monitor and project enrollment, unduplicated pupil count (UPC) and ADA using reasonable projection methods adjusted for local factors.
3. Ensure that projected enrollment and associated budgeted LCFF revenue is reasonably attainable based on actual student enrollment.
4. Update projections at each financial reporting period to ensure the most recent data is included in its budget assumptions.
5. Ensure accurate identification and reporting of its UPC; retain documents for audits and to support eligibility determinations.
6. Continue to regularly analyze enrollment and ADA projections, compare projections to actual enrollment and attendance, and adjust budget and staffing as appropriate.
7. Implement strategies to maximize attendance and its UPC.

Multiyear Financial Projection Assumptions

FCMAT's MYFP used the charter school's 2025-26 adopted budget as the baseline for its projections and included the impact of the state's 2025-26 enacted budget. The study team reviewed school records, interviewed charter school and county office staff, and examined various financial documents to gather the necessary information for the MYFP. Assumptions were based on conservative economic factors and estimates, described by major revenue and expenditures categories in line with the state's Standardized Account Code Structure (SACS) for resource and object.

The key planning factors FCMAT used to prepare the MYFP were based on the latest information available at the time, as shown in Table 5 below and further described in the following paragraphs. The assumptions were based on information and figures from the charter school and various statewide sources such as the DOF, CDE, SSC, and other commonly used resources.

The charter school's 2025-26 adopted budget MYFP incorporated some of the same projection factors used by FCMAT including cost-of-living adjustments (COLAs). However, FCMAT also used updated California Consumer Price Index (CPI) figures applied to materials, supplies, and services based on recent economic data. The best practice is to update budgets and MYFPs often, at least at each financial reporting period, using the most recent assumptions to produce the most accurate projections.

Table 5. FCMAT MYFP Budget Assumptions, 2025-26 through 2027-28

Description	2025-26	2026-27	2027-28
Statutory COLA (DOF)	2.30%	3.02%	3.42%
LCFF COLA	2.30%	3.02%	3.42%
State Categorical COLA	2.30%	3.02%	3.42%
California CPI	3.09%	2.82%	2.72%
California Lottery, Unrestricted per ADA	\$195.37	\$190.00	\$190.00
California Lottery, Restricted per ADA (Proposition 20)	\$88.22	\$82.00	\$82.00
Mandate Block Grant, charter schools (Grades K-8), per ADA	\$20.06	\$20.52	\$21.14
Interest Rate Trend for 10-Year Treasuries	4.50%	4.36%	4.40%
Certificated Staff Step-and-Column Increases	2.00%	2.00%	2.00%
Classified Staff Step-and-Column Increases	2.00%	2.00%	2.00%
Health & Welfare Benefits Percent Change	7.00%	7.00%	7.00%
State Unemployment Insurance Rate	0.05%	0.05%	0.05%
Workers' Compensation Insurance Rate	.75%	.75%	.75%
Charter school Indirect Cost Rate	6.20%	6.20%	6.20%
OASDI / Medicare	7.65%	7.65%	7.65%

Sources: FCMAT, DOF, CDE, SSC and the charter school.

Recommendations

The charter school should:

1. Continue to update budgets and MYFPs often and at each financial reporting period.
2. Use the most current information available and assumptions that align with industry standards to develop budgets and MYFPs.

Revenues

Projected revenue was based on validated funding from the CDE, grant letters, and an analysis of charter school estimates for any sources that could not be independently verified. Adjustments were made for any one-time or carryover funds (unspent funds from one year retained for spending in the next year) from previous years.

Local Control Funding Formula Sources

The LCFF is the primary funding source for charter schools and provides the following:

- A base grant per pupil that varies by grade level.
- A supplemental grant that provides an additional 20% of the base grant, multiplied by the charter school's percentage of unduplicated pupils (as measured by the UPC).
- A concentration grant that provides an additional 65% of the base grant, multiplied by the charter school's percentage of unduplicated pupils exceeding 55% of total enrollment.

For charter schools that qualify for concentration grant funds, 15% must be used to increase the number of credentialed and/or classified staff who provide direct services to students.

The LCFF requires charter schools to increase or improve services for unduplicated pupils in proportion to the supplemental and concentration funds they receive relative to base funds. This requirement is known as the minimum proportionality percentage (MPP). If the increases and improvements in services do not meet the MPP requirement, any unused portion of the supplemental and concentration grant funds must be identified in the subsequent year's LCAP and used to provide increased or improved services to unduplicated pupils.

Proposition 30, passed in 2012, temporarily increased state income tax rates on high-income taxpayers. While the income tax increase was initially set to expire in 2018, it was extended through 2030 by Proposition 55. These revenues are deposited into the state's Education Protection Account (EPA) and are a component of state aid for the LCFF entitlement. EPA revenues are received by all LEAs that receive a minimum of \$200 per ADA in EPA revenues.

School districts and charter schools are encouraged to use the [FCMAT LCFF calculator](#) to estimate LCFF funding. FCMAT prepared an LCFF calculation for the charter school using the latest version of the calculator (version 26.2, updated August 1, 2025), which has the same funding rates used by the charter school for its LCFF revenue projections. The distinction between the charter school budget and FCMAT's analysis is the student enrollment assumption. FCMAT used the actual enrollment of 73 students as of August 27, 2025 as the basis for enrollment projections for the current and two subsequent years, while the charter school assumed enrollment of 150 in 2025-26, and 170 in 2026-27 and 2027-28, respectively, resulting in lower LCFF revenue projections as seen in Table 6.

Table 6. FCMAT and Charter School LCFF Calculator Projections, 2025-26 through 2027-28

Description	2025-26		2026-27		2027-28	
	Charter School	FCMAT	Charter School	FCMAT	Charter School	FCMAT
LCFF COLA	2.30%	2.30%	1.07%	3.02%	2.93%	3.42%
Enrollment	150	73	170	82	170	89
ADA	142.50	68.73	161.50	76.87	161.50	82.44
UPC	97	47	110	53	110	58
UPP (three-year average)	64.75%	64.62%	64.75%	64.62%	64.75%	64.75%
Total State Aid Entitlement	\$1,923,592	\$931,611	\$2,273,299	\$1,068,945	\$2,350,969	\$1,175,028

Sources: Charter school assumptions and FCMAT LCFF calculator projections.

Recommendations

The charter school should:

1. Use the most recent LCFF calculator, enrollment, UPC and ADA estimates when preparing and revising LCFF revenue projections.
2. Ensure that projected LCFF revenue is reasonably attainable based on actual, current student enrollment.

Federal Revenue

FCMAT reviewed, verified, and adjusted federal funding amounts for the base year 2025-26 where possible and appropriate. These adjustments resulted in an overall variance compared to the charter school's projections, with FCMAT decreasing federal revenues by a total of \$21,129 as described below.

For 2025-26, FCMAT adjusted the federal funding allocations as follows:

- Increased Title I entitlement by \$7,063; increased Title II entitlement by \$520; and reduced Title IV, Part A entitlement by \$10,000 based on the CDE's most recent allocations.
- Reduced National School Lunch Program (NSLP) funding by \$18,712.

To recognize federal grant entitlements as earned revenue, eligible expenditures must occur in the fiscal year. After FCMAT's initial adjustments to federal entitlements based on CDE's most recent allocations, additional adjustments to budgeted federal revenue were made to match the charter school's budgeted expenditures for each resource as illustrated in the table below. The charter school is eligible to receive the remaining entitlement balances totaling \$65,494 once eligible expenses are identified. It is best practice to spend restricted revenue before unrestricted revenue when allowable.

Table 7. Federal Revenue Entitlement – FCMAT Adjustments

Funding Source	FCMAT Projected 2025-26 Entitlement	Charter School Planned Expenditures	2025-26 Entitlement Remaining
Title I (Resource 3010)	\$27,420	\$19,600	\$7,820
Title II (Resource 4035)	\$3,698	\$2,124	\$1,574
Title IV (Resource 4610)	\$121,428	\$82,128	\$39,300
Special Education (Resource 3310)	\$16,800	\$0	\$16,800

Sources: CDE Exhibits

Explore Academy participates in the School Breakfast and National School Lunch Programs, which operate on a monthly reimbursement basis for the number of meals served to students. The 2025-26 revenue projected by the charter school is based on a per-student amount of \$269. FCMAT applied this factor to current and projected enrollment and adjusted accordingly in each fiscal year of the MYFP.

FCMAT requested but was not provided with the Los Angeles County Special Education Local Plan Area (SELPA) revenue allocations for Explore Academy to verify and adjust federal Special Education program funding in the base year. As a result, no adjustments were made in 2025-26 or the subsequent fiscal years, possibly overstating projected revenue.

The charter school was awarded a Title IV, Part C: Public Charter School Grant entitlement of \$191,696 in June 2022. At the time of interviews, staff indicated they were in the process of reclassifying 2024-25 fiscal year planning and implementation expenditures to the grant for reimbursement. While the charter school's adopted budget has planned grant expenditures of \$121,428 in 2025-26, any prior year expenditures subsequently charged to the grant will reduce any available remaining grant balance. Since FCMAT was not provided with the charter school's 2024-25 unaudited actuals report, verification and adjustment to the remaining available grant balance for expenditures in 2025-26 was not possible. Thus, no adjustments were made.

An important caveat to consider for evaluating and projecting the charter school's federal revenue is that at the time of FCMAT's fieldwork, the charter school had not submitted its LCAP federal addendum to CDE's federal addendum submission system, which is a condition of receiving federal funding. As a result, the charter school was not eligible to receive its 2024-25 federal Title I and Title II entitlements, also making it ineligible for Title IV, Part A funding in 2025-26. FCMAT is assuming that the charter school will submit its LCAP federal addendum on or before March 31, 2026, to become eligible for receiving funding in 2025-26, 2026-27, and 2027-28, as the charter school is now aware of the requirement.

Caution should be exercised when budgeting federal revenues due to uncertainty surrounding the federal budget and changes in enrollment. FCMAT assumed no COLAs and reduced funding levels for all programs in 2026-27 and 2027-28 as a result of reduced enrollment in 2025-26.

The best practice is to regularly update the charter school's revenue estimates as entitlement allocations and grant amounts are finalized, ensuring that budgeted revenues align with the most recent funding allocation schedules. Carryover or unearned revenues from prior years should not be included in the current year budget until the prior year unaudited actuals are completed and should be eliminated from the subsequent years of the MYFP. Including estimates of carryover or unearned revenues before those amounts are known may result in overbudgeting and overspending.

Recommendations

The charter school should:

1. Continue to update revenue budgets throughout the year as entitlements and grant amounts become known, ensuring budgets match award letters and allocations provided by the CDE, SELPA, and other grantor agencies.
2. Estimate federal revenues conservatively, considering historical funding levels and enrollment changes.
3. Submit the LCAP federal addendum to CDE's LCAP federal addendum submission system by the deadline of March 31, 2026.
4. Develop and implement plans to fully expend grant monies in the fiscal year received.

Other State Revenue

FCMAT confirmed other state revenue amounts for 2025-26 using available schedules from the CDE and grant award letters, resulting in a net increase of \$7,264 in state revenues for 2025-26.

For 2025-26, FCMAT added \$37,247 of one-time funding for the new Student Support and Professional Development Discretionary Block Grant included in the 2025-26 State Budget Act. Other state revenues were adjusted in the current and/or subsequent fiscal years to account for changes related to enrollment and ADA (Child Nutrition, Expanded Learning Opportunities Program, Lottery, Mandate Funding, and Mental Health Services). In addition, FCMAT removed SELPA pass-through payments of \$123,555 from Other State Revenue where the charter school had budgeted it and instead included the revenue in Other Local Revenue in alignment with California School Accounting Manual (CSAM) procedures.

Arts and Music in Schools

The state annually determines total Arts and Music in Schools (AMS) funding with the Governor's May Revision. For 2025-26, the appropriation is approximately \$1.04 billion. Of this amount, 70% is allocated based on each LEA's share of statewide enrollment, and 30% is distributed according to the prior year enrollment of economically disadvantaged pupils. Funding allocations are certified with the second principal apportionment in June. FCMAT increased the charter school's 2025-26 AMS allocation by \$3,098 based on CDE's advanced principal apportionment exhibit, and conservatively projected flat revenue for subsequent years of the MYFP in alignment with enrollment projections.

Child Nutrition

Explore Academy receives monthly supplemental state meal reimbursements from CDE based on the number of breakfast and lunch meals served to students. The 2025-26 revenue projected by the charter school is based on a per student amount of \$25. FCMAT applied this factor to current and projected enrollment and made an adjustment of -\$1,805 in the base year.

Expanded Learning Opportunities Program

Since the 2021-22 fiscal year, the Expanded Learning Opportunities Program (ELOP) has provided LEAs with funding to offer after-school and summer enrichment programs for students in TK through grade six. According to the CDE, "expanded learning" refers to before school, after school, summer, or intersession

programs that address students' academic, social, emotional, and physical needs and interests through hands-on, engaging experiences.

Funds are apportioned to LEAs based on prior year P-2 ADA for TK/K-6 ADA and prior year TK/K-12 UPP. FCMAT increased 2025-26 base year funding by \$86,411 based on CDE's advance principal apportionment.

Lottery Funding

The state initially allocates lottery funds on a quarterly basis using the prior year's annual ADA, adjusted by a statewide absence factor of 1.04446, and then adjusts the amounts in the subsequent year once the charter school's final annual ADA is available. FCMAT projected lottery revenues for 2025-26 and subsequent years based on its annual ADA projections, with a per-ADA rate of \$190 for unrestricted lottery and \$82 for restricted instructional materials lottery funds. This resulted in no necessary adjustment to the charter school's 2025-26 projected lottery funds.

Mandate Funding

The state allocates Mandate Block Grant funds using a per-ADA amount, adjusted by the COLA in subsequent years, based on the prior year's P-2 ADA by grade level. The charter school's projected 2025-26 allocation was calculated correctly; therefore, FCMAT made no adjustment for 2025-26. The mandate funding projections in the MYFP are based on FCMAT's P-2 ADA projections and adjusted accordingly.

The Mandate Block Grant provides LEAs with funds to support the costs of various mandated programs and activities identified in Government Code (GC) 17581.6(f). Charter schools can choose to receive this funding or submit a reimbursement claim with the State Controller's Office. To receive Mandate Block Grant funding, charter schools must file an application each year with the CDE. FCMAT was unable to determine if the charter school applied for Mandate Block Grant funding by August 31, 2025, the deadline for the 2025-26 funding cycle. If the charter school did not apply for the funding, an adjustment will be necessary to reduce 2025-26 funding by \$2,453.

Mental Health Services Funding

Before 2023-24, the state allocated funding for mental health services to SELPAs based on their members' funded ADA. Starting in 2023-24, the state began apportioning these funds directly to LEAs based on current year P-2 ADA through the principal apportionment.

FCMAT adjusted the base year to include state mental health services funding of \$5,868. The 2025-26 advance principal apportionment exhibit allocates \$10,097 using prior year P-2 ADA as the base for the advance apportionment; however, since the program is funded on current year ADA, FCMAT calculated the projected final allocation using the current year projected P-2 ADA of 68.73. Subsequent years' allocations in the MYFP are based on its P-2 ADA projections and adjusted by COLA.

Student Support and Professional Development Discretionary Block Grant

The state's 2025-26 enacted budget established the Student Support and Professional Development Discretionary Block Grant, which provides one-time discretionary funding to support teacher professional development in English language arts, English language development, literacy, and mathematics; teacher recruitment and retention; and career pathways and dual enrollment programs.

Funding is allocated based on each LEA's TK-12 ADA as of the 2024-25 P-2, estimated at \$315 per ADA. According to the CDE August 2025 schedule, the charter school's allocation is \$37,247. Funds are available through June 30, 2029, with a final expenditure report due to the CDE by September 30, 2029.

Recommendations

The charter school should:

1. Update revenue budgets throughout the year as entitlements and grant amounts become known, ensuring budgets match award letters and allocations provided by the CDE and other grantor agencies.
2. Ensure other state revenue projections are developed based on the charter school's enrollment and ADA projections as appropriate.

Other Local Revenue

The charter school receives local revenues from a variety of sources, including interest earnings, donations, SELPA pass-through payments, and other miscellaneous sources. In interviews, charter school staff indicated that interest and donations are budgeted in local revenue, and that for 2025-26 interest income was not included as the charter school does not have significant cash reserves on hand to generate interest income. Because donation revenues often cannot be guaranteed from year to year, budgets and MYFPs for donations should be conservative and updated throughout the year based on actual amounts received to date. FCMAT decreased the unrestricted local revenue budget by \$26,000 since at the time of fieldwork, no donations had been received.

As was the case with federal revenue, FCMAT requested but was not provided with Los Angeles County SELPA revenue allocations for Explore Academy to verify and adjust state Special Education program funding in the base year. As a result, no adjustments were made in 2025-26 or the subsequent fiscal years, possibly overstating projected revenue. FCMAT included SELPA pass-through payments using the charter school's projections in Other Local Revenue instead of Other State Revenue as the charter school had budgeted, resulting in an increase in restricted Other Local Revenue of \$123,555.

These adjustments result in a net increase in Other Local Revenue of \$97,555.

Recommendation

The charter school should:

1. Ensure local revenues are budgeted conservatively and adjusted as needed to account for actual amounts received.

Expenditures

FCMAT's MYFP assumes that the charter school's ongoing costs expensed in its 2024-25 check register and general ledger will continue unless adjusted as noted below.

Salaries

The charter school did not provide position control and vacancy reports, so FCMAT was unable to reconcile position control with payroll or budget. The charter school authorizer, OCDE, provided a partial general ledger report that listed names of employees and a total amount paid to each employee. However, they are not the same employees that are now employed with the charter school. The charter school did provide FCMAT with a spreadsheet of assumptions used for the 2025-26 adopted budget. Based on the charter school's assumptions used for its adopted budget, the average cost of a certificated teacher was

\$73,772. However, in reviewing the 2025-26 salary schedule, the average cost of a teacher is actually \$75,776. During fieldwork, the OCDE provided additional documents to aid in this study. Within the board packets provided were employee contracts for review and approval. FCMAT used the salary that was on each employment contract. If a contract was not supplied, the average cost was rounded up to the next salary step, which is step 9. Additionally, in reviewing board documents, assumptions for classified staff and administrative staff are based on employee contracts provided by OCDE board packets, as discussed in fieldwork interviews and website information.

Certificated Salaries

Adjustments were made to decrease certificated salaries by \$34,519 in the 2025-26 budget year based on employee salary contracts, fieldwork interviews and staff information on the charter school website. This represents one administrator, seven teachers and one special education teacher/coordinator vacancy per an EDJOIN posting as of 9/5/25. A \$120,000 projected salary for pupil support was projected in the 2025-26 budget; however, there is no documentation to validate this expense or position, so this assumption was removed from the projection. Certificated salaries were increased by 2% each year, based on FCMAT's analysis of certificated employee step and column data provided by the charter school, in each subsequent year of the projection. This was a reduction from the 3.0% used in the charter school's budget.

Classified Salaries

FCMAT decreased classified salaries by \$49,131 in 2025-26, based on employee salary contracts for the 2025-26 school year as reviewed in board agenda packets provided by OCDE, staffing discussions during fieldwork interviews, and vacancies advertised on EDJOIN. This represents one full-time office manager vacancy, one full-time campus monitor/after-school support, one full-time instructional aide and three part-time paraprofessionals. As of the date of this report, FCMAT was not provided with a classified salary schedule. Therefore, FCMAT built an assumption for a classified salary schedule based on what the charter school is offering in its EDJOIN post for the office manager vacancy and increased each year by 2.00% for each step in each subsequent year of the projection, consistent with the certificated salary schedule. A 2% increase assumption was also used for one full-time instructional aide and three part-time paraprofessional employees whose contract is based on an hourly rate. FCMAT assumed 245 days of work for full-time hourly employees (as detailed on page 52 of the employee handbook). Part-time employees' contract had no start date, nor is it detailed in the employee handbook. Therefore, FCMAT assumed, based on the teacher contract start date of August 1, that part-time employees also returned to work on August 1, 2025, which would equate to 192 days of work.

Benefits

FCMAT reduced the budget for employee benefits by \$65,654 in 2025-26.

The following are the assumptions used for employee benefits:

Table 8. Health and welfare change assumptions, 2025-26 through 2027-28

Description	2025-26	2026-27	2027-28
Health & Welfare Benefits Percent Change	7.00%	7.00%	7.00%
State Unemployment Insurance Rate	0.05%	0.05%	0.05%
Workers' Compensation Insurance Rate	.75%	.75%	.75%
OASDI/Medicare	7.65%	7.65%	7.65%

Sources: FCMAT, SSC and the charter school.

Statutory benefits were adjusted in the subsequent years in proportion to increases or decreases in adjusted certificated and classified salaries. Budgeted health and welfare benefits were decreased by \$10,000 in 2025-26 based on the assumption provided with the charter school's MYFP in proportion to budgeted full-time salaries. FCMAT used the charter school rate increase of 7% based on the full-time equivalent (FTE) staff count in proportion to FTE salaries for the subsequent years of the MYFP.

Books and Supplies

Since 2024-25 was the first year of charter school operations with students, staff stated in fieldwork interviews that they had identified one-time expenditures used to open school and did not include the one-time expenditures in the 2025-26 adopted budget. FCMAT also reviewed the 2024-25 books and supplies expenditures from prior year for reasonableness and reduced them by \$10,631. The charter school's 2025-26 adopted budget did not include the consumer price index (CPI) inflation factor, which FCMAT included in 2025-26 and subsequent years.

Services and Other Operating Expenditures

The charter school provided contracts to FCMAT; however, many were not signed. FCMAT requested signed contracts from the charter school for verification but as of the date of this report, did not receive them. However, they are included in the MYFP assumptions as they were verified through FCMAT's analysis of the charter school's 2024-25 general ledger and the board minutes for contract approvals provided by the charter school's authorizer. Lastly, as part of the assumptions, the charter school's back-office provider supplied information on contracts that would or would not continue and that were considered in the assumptions. Additionally, several contracts had multiyear commitments that are reflected in the MYFP. FCMAT increased the charter school's budgeted 2025-26 expenses by \$84,587. These adjustments, plus annual increases based on the CPI inflation factor, which was not in the original budget, form the basis of the second and third years of the projection.

Capital Outlay

FCMAT reviewed capital outlay budgets for reasonableness using 2024-25 actual expenditures. No capital outlay expenditures were incurred in 2024-25, and none were budgeted for 2025-26. FCMAT assumes no capital outlay expenditure for the current and subsequent years of its projection, as interviews indicate that the charter school has no formal capital outlay plan.

Other Outgo/Indirect Costs

FCMAT applied charges for indirect costs at the maximum allowable rate for each restricted program in the base year and subsequent years to ensure proper program cost accounting, even when this resulted in a contribution to a program's resource from the unrestricted general fund. Indirect costs were based on the CDE's approved rate for charter schools in their first year of operation, which is 6.20%, and were kept the same in the two subsequent years. Indirect costs were increased by \$29,157 in the current budget year.

Debt Service

On May 23, 2024, the charter school entered into a four-year loan agreement with H.J. Simms for \$750,000. Expenditures of \$100,000 for this loan were added to the budget for debt service as the charter school's MYFP only included interest payments and not principal payments to H.J. Simms. This liability terminates upon the final payment in 2028-29 and has been updated in the current fiscal year and two subsequent fiscal years. Additionally, on October 1, 2024, the charter school entered into a three-year loan agreement with the California School Finance Authority (CSFA) for \$250,000. The debt payment for this loan was not included in the budget and increased debt service by \$125,000 in the current and two subsequent years. The term of this loan coincides with the charter school's term (the last year of the current charter term, July 30, 2027).

Contributions

When revenues in restricted programs are insufficient to support program expenditures, a contribution from the unrestricted general fund is required. Restricted programs should be self-supporting except for special education, for which state and federal funding is typically insufficient, and any restricted program the charter school has made a deliberate decision to support with unrestricted general funds.

The charter school's 2025-26 budget projects a contribution of \$23,575 to balance the restricted resources which, for this charter school, is a combination of special education, restricted lottery, Title I, II, IV, expanded learning opportunities program, and Proposition 28 funding. FCMAT increased projected expenditures in 2025-26 to align with expenditures identified in its analysis of the charter school's general ledger and board-approved documents provided by the charter school's authorizer, which increased the contribution to \$261,954 and now includes indirect costs. The contribution is comprised of special education equal to \$182,963 and child nutrition costs (which use resource 5310) equal to \$78,991. The contribution is projected to increase to \$267,428 in 2026-27 and to \$278,197 in 2027-28 due to CPI.

Because of increasing costs year over year, the charter school should reduce expenditures in its restricted resources in 2026-27 and 2027-28 to remain within the projected revenue estimates. All programs that require a contribution from the unrestricted general fund need to be reviewed to determine whether they can be made self-sustaining. Additionally, the charter school can review other restricted program allowable costs to see if any unrestricted expenditures can move to restricted funding if allowable per each grant. FCMAT found no evidence that the charter school monitors contributions to restricted programs to determine if expenditures can be reduced to eliminate contributions from the unrestricted general fund.

The table below shows contributions from the charter school's unrestricted general fund to its restricted resources as projected in FCMAT's MYFP.

Table 9. Unrestricted Contributions to Restricted Resources, 2025-26 through 2027-28

Unrestricted Resources		2025-26	2026-27	2027-28
Unrestricted	0000	(\$261,954)	(\$267,428)	(\$278,197)
Total Unrestricted		(\$261,954)	(\$267,428)	(\$278,197)
Restricted Resources				
Title I, Part A	3010			
Child Nutrition	5310	\$78,991	\$78,399	\$81,657
Special Education	6500	\$182,963	\$189,029	\$196,540
Total Restricted		\$261,954	\$267,428	\$278,197
Balance				

Source: FCMAT

Rounding used in calculations.

Recommendations

The charter school should:

1. Review restricted programs and ensure they are self-sustaining or that adequate funds are available to support them.
2. Use the MYFP to identify programs that may require a contribution from the unrestricted general fund in subsequent years, and act as needed to ensure programs are self-sustaining.

Multiyear Financial Projection Analysis

The primary purpose of an MYFP is to evaluate a charter school’s long-term financial sustainability. The MYFP uses current budget assumptions and projects revenues and expenditures over several fiscal years to determine whether the charter school can achieve and sustain a balanced budget and maintain an adequate reserve for economic uncertainties for the current and two subsequent fiscal years.

FCMAT analyzed all general fund revenue sources and expenditures and categorized them by resource. The unrestricted general fund summary below indicates that, based on current assumptions, without revenue increases and/or expenditure reductions, the charter school will deficit spend \$1,102,975 in 2025-26, \$999,487 in 2026-27, and \$888,553 in 2027-28, and will not meet its required reserve for economic uncertainties in any of the three years of the projection.

Unrestricted General Fund

The charter school’s general fund budget is a combination of unrestricted general purpose dollars and restricted grants and categorical funding. However, when analyzing the charter school’s budget, much attention is focused on the unrestricted budget, in particular deficit spending. The unrestricted general fund summary below shows FCMAT’s analysis of the charter school’s unrestricted resources.

Table 10: Unrestricted General Fund Summary, 2025-26 through 2027-28

Unrestricted General Fund Summary

Description	Object Code	Adjusted Base Year 2025-26	Year 2 2026-27	Year 3 2027-28
A. Revenues				
LCFF Sources	8010-8099	\$931,611	\$1,068,945	\$1,175,028
Federal Revenue	8100-8299			-
Other State Revenues	8300-8599	\$33,575	\$36,276	\$39,029
Other Local Revenues	8600-8799			
Total, Revenue		\$965,186	\$1,105,221	\$1,214,057
B. Expenditures				
Certificated Salaries	1000-1999	\$637,115	\$649,857	\$662,854
Classified Salaries	2000-2999	\$75,289	\$76,795	\$78,331
Employee Benefits	3000-3999	\$99,868	\$104,365	\$109,128
Books and Supplies	4000-4999	\$93,070	\$95,695	\$98,297
Services and Other Operating Expenditures	5000-5999	\$630,022	\$647,789	\$665,408
Capital Outlay	6000-6999			
Other Outgo (excluding Transfers of Indirect Costs)	7100-7299, 7400-7499	\$300,000	\$290,000	\$238,333
Other Outgo - Transfers of Indirect Costs	7300-7399	(\$29,157)	(\$27,220)	(\$27,938)
Total, Expenditures		\$1,806,207	\$1,837,281	\$1,824,413

Description	Object Code	Adjusted Base Year 2025-26	Year 2 2026-27	Year 3 2027-28
C. Excess (Deficiency) of Revenues over Expenditures before Other Financing Sources and Uses		(\$841,021)	(\$732,059)	(\$610,356)
D. Other Financing Sources/Uses				
Interfund Transfers				
Transfers In	8900-8929			
Transfers Out	7600-7629			
Other Sources/Uses				
Sources	8930-8979			
Uses	7630-7699			
Contributions	8980-8999	(\$261,954)	(\$267,428)	(\$278,197)
Total, Other Financing Sources/Uses		(\$261,954)	(\$267,428)	(\$278,197)
E. Net Increase (Decrease) in Fund Balance		(\$1,102,975)	(\$999,487)	(\$888,553)
F. Fund Balance, Reserves				
Beginning Fund Balance		(\$449,658)	(\$1,552,633)	(\$2,552,120)
As of July 1 - Unaudited	9791			
Audit Adjustments	9793			
As of July 1- Audited				
Other Restatements	9795			
Adjusted Beginning Balance		(\$449,658)	(\$1,552,633)	(\$2,552,120)
Ending Balance/Net Position, June 30		(\$1,552,633)	(\$2,552,120)	(\$3,440,673)
Components of Ending Fund Balance				
Reserve for Economic Uncertainties	9789			
Unassigned/Unappropriated Amount	9790			

Rounding used in calculations.

Sources: FCMAT, OCDE and charter school.

Restricted General Fund

The charter school did not provide spending plans for its restricted dollars, so FCMAT assumed for special education expenditures the funds would be spent on a special education position vacancy, as well as books and supplies and contracted services for the balance that aligns with prior year expenditures. For child nutrition, FCMAT moved all child nutrition related expenditures to restricted resource 5310. For all other restricted programs, FCMAT reviewed expenses from 2024-25 and projected expenditures where possible with any remaining unallocated funds, increasing the unrestricted ending fund balance or reducing

revenues for those programs subject to unearned revenues. (See Table 7 for federal revenue available to the charter).

The following table summarizes FCMAT's projections for the charter school's restricted resources.

Table 11: Restricted General Fund Summary, 2025-26 through 2027-28

Restricted General Fund Summary

Description	Object Code	Adjusted Base Year 2025-26	Year 2 2026-27	Year 3 2027-28
A. Revenues				
LCFF Sources	8010-8099			
Federal Revenue	8100-8299	\$123,489	\$128,226	\$129,984
Other State Revenues	8300-8599	\$285,866	\$164,162	\$169,662
Other Local Revenues	8600-8799	\$123,555	\$123,555	\$123,555
Total, Revenue		\$532,910	\$415,943	\$423,202
B. Expenditures				
Certificated Salaries	1000-1999	\$74,419	75,907	\$77,426
Classified Salaries	2000-2999	\$102,560	\$104,611	\$106,703
Employee Benefits	3000-3999	\$22,387	\$23,335	\$24,336
Books and Supplies	4000-4999	\$93,909	\$97,259	\$100,299
Services and Other Operating Expenditures	5000-5999	\$228,406	\$235,120	\$242,346
Capital Outlay	6000-6999			
Other Outgo (excluding Transfers of Indirect Costs)	7100-7299, 7400-7499			
Other Outgo - Transfers of Indirect Costs	7300-7399	\$29,157	\$27,220	\$27,938
Total, Expenditures		\$550,838	\$563,452	\$579,048
C. Excess (Deficiency) of Revenues over Expenditures before Other Financing Sources and Uses		(\$17,928)	(\$47,509)	(\$155,846)
D. Other Financing Sources/Uses				
Interfund Transfers				
Transfers In	8900-8929			
Transfers Out	7600-7629			
Other Sources/Uses				
Sources	8930-8979			
Uses	7630-7699			
Contributions	8980-8999	\$261,954	\$267,428	\$278,197

Description	Object Code	Adjusted Base Year 2025-26	Year 2 2026-27	Year 3 2027-28
Total, Other Financing Sources/Uses		\$261,954	\$267,428	\$278,197
E. Net Increase (Decrease) in Fund Balance		\$244,026	\$119,918	\$122,350
F. Fund Balance, Reserves				
Beginning Fund Balance				
As of July 1 - Unaudited	9791		\$244,026	\$363,944
Audit Adjustments	9793			
As of July 1- Audited				
Other Restatements	9795			
Adjusted Beginning Balance				
Ending Balance/Net Position, June 30		\$244,026	\$363,944	\$486,295
Components of Ending Fund Balance				
Nonspendable	9710-9719			
Restricted	9740	\$244,026	\$363,945	\$486,295

Rounding used in calculations.

Sources: FCMAT, OCDE and charter school and the charter school.

Combined General Fund

The combined general fund summary below shows FCMAT’s analysis of all the charter school's unrestricted and restricted general fund sources. FCMAT projects that the charter school will neither be able to meet the minimum reserve requirement nor maintain a positive unrestricted ending fund balance in the current and subsequent years of the projection.

Table 12: Combined General Fund Summary, 2025-26 through 2027-28

Combined General Fund Summary

Description	Object Code	Adjusted Base Year 2025-26	Year 2 2026-27	Year 3 2027-28
A. Revenues				
LCFF Sources	8010-8099	\$931,611	\$1,068,945	\$1,175,028
Federal Revenue	8100-8299	\$123,489	\$128,226	\$129,985
Other State Revenues	8300-8599	\$319,441	\$200,438	\$208,691
Other Local Revenues	8600-8799	\$123,555	\$123,555	\$123,555
Total, Revenue		\$1,498,096	\$1,521,164	\$1,637,259
B. Expenditures				
Certificated Salaries	1000-1999	\$711,534	\$725,765	\$740,280

Description	Object Code	Adjusted Base Year 2025-26	Year 2 2026-27	Year 3 2027-28
Classified Salaries	2000-2999	\$177,849	\$181,406	\$185,034
Employee Benefits	3000-3999	\$122,255	\$127,700	\$133,464
Books and Supplies	4000-4999	\$186,979	\$192,954	\$198,596
Services and Other Operating Expenditures	5000-5999	\$858,428	\$882,908	\$907,754
Capital Outlay	6000-6999			
Other Outgo (excluding Transfers of Indirect Costs)	7100-7299, 7400-7499	\$300,000	\$290,000	\$238,333
Other Outgo - Transfers of Indirect Costs	7300-7399			
Total, Expenditures		\$2,357,045	\$2,400,733	\$2,403,461
C. Excess (Deficiency) of Revenues over Expenditures before Other Financing Sources and Uses		(\$858,949)	(\$879,569)	(\$766,203)
D. Other Financing Sources/Uses				
Interfund Transfers				
Transfers In	8900-8929			
Transfers Out	7600-7629			
Other Sources/Uses				
Sources	8930-8979			
Uses	7630-7699			
Contributions	8980-8999			
Total, Other Financing Sources/Uses				
E. Net Increase (Decrease) in Fund Balance		(\$858,949)	(\$879,569)	(\$766,203)
F. Fund Balance, Reserves				
Beginning Fund Balance		(\$449,658)	(\$,308,607)	(\$2,188,176)
As of July 1 - Unaudited	9791			
Audit Adjustments	9793			
As of July 1- Audited				
Other Restatements	9795			
Adjusted Beginning Balance				
Ending Balance/Net Position, June 30		(\$1,308,607)	(\$2,188,176)	(\$2,954,378)
Components of Ending Fund Balance				
Nonspendable	9710-9719			
Restricted	9740			

Description	Object Code	Adjusted Base Year 2025-26	Year 2 2026-27	Year 3 2027-28
Unassigned/Unappropriated		(\$1,552,633)	(\$2,552,120)	(\$3,440,673)
Reserve for Economic Uncertainties	9789			
Unassigned/Unappropriated Amount	9790			

Rounding used in calculations.

Sources: FCMAT, OCDE and charter school.

Recommendations

The charter school should:

1. Create an updated and detailed fiscal recovery plan as soon as possible, identifying by major object what specific reductions will be applied in what dollar amount, including a timeline for implementation, to eliminate the structural deficit and reach a minimum 5% reserve requirement.
2. Develop and adopt a budget and MYFP that eliminate deficit spending and meet reserve requirements in the budget and projection years to prevent fiscal insolvency.
3. Review available account balances before charging expenses, and do not charge expenses in excess of budget.
4. Review all budgeted expenditures and remove or reduce all one-time or nonessential expenditures.
5. Ensure that restricted funds are allocated correctly to all qualifying expenditures before expending unrestricted dollars.

Cash Management

A prudent level of budgetary reserves should be maintained for economic uncertainties and is needed to manage cash flow and help protect a charter school from unforeseen revenue shortfalls, unexpected costs, and economic uncertainties. Budgetary reserves also help a charter school save for large purchases and reduce the cost of borrowing money.

No required minimum reserve level was established in the charter school's memorandum of understanding (MOU) with OCDE. Explore Academy should, at a minimum, establish budgetary reserves based on average daily attendance (ADA) (5 CCR Section 15450). Information on budgetary reserves can be found in the Criteria and Standards for Fiscal Solvency on the CDE website at <https://www.cde.ca.gov/fg/fi/ss/>. Below are the required budgetary reserve levels for school districts:

- the greater of 5% or \$88,000 for districts with 0-300 ADA
- the greater of 4% or \$88,000 for districts with 301-1,000 ADA
- 3% for districts with 1,001 to 30,000 ADA
- 2% for districts with 30,001 to 250,000 ADA
- 1% for districts with 250,001 and over ADA

The minimum recommended reserve required for a charter school with 0-300 ADA is 5% of general fund expenses and transfers out, which for Explore is \$117,852. FCMAT's MYFP for 2025-26 and the two subsequent years reflects a (\$1,308,607) ending fund balance in 2025-26. To reach its 5% minimum reserve, the charter school must make \$1,426,459 in reductions. Additionally, as is mentioned later in the Expenditure Reductions and Spending Controls sections of this report, appropriate controls need to be implemented and enforced. During interviews, staff shared that there are no purchasing procedures and the charter school debit card can be used at any time. This practice has a negative effect on cash flow. The charter school needs to maintain adequate cash balances in the general fund to cover monthly operating expenses. The charter school should implement immediate expenditure reductions to avoid running out of cash.

The county office's notice of concern letter for 2024-25 second interim stated that the cash flow projections received from the charter school with its financial reports showed negative cash balance in February, with less than one day of cash on hand at the end of March and less than four days at the end of April. The county office required the charter school to submit a detailed fiscal stabilization plan identifying the steps it would take to ensure fiscal solvency, including how it would repay its "significant debt" as discussed in the debt services section of this report. OCDE also required the charter school to do a third interim report and cash flow.

The charter school responded and provided a fiscal stabilization plan. The plan relies on collaborating with its back-office providers to address financial concerns through strategic adjustments in enrollment, expenditure, revenue enhancements and debt management. Explore Academy stated in the plan that it "reduced enrollment projections, revenue enhancements were given," however, the projected ending fund balance remained negative. The charter school's third interim and fiscal stabilization plan projected positive cash; however, the MYFP still showed an unrestricted net position of (\$338,931), which didn't reflect any effort to ensure a positive ending fund balance.

The purpose of a cash flow projection is to project the timing of receipts and expenses so that an organization can understand its cash flow needs. The cash flow projection shows the charter school's liquidity and ability to meet its current payroll and other financial obligations. It is imperative for the charter school to monitor its cash regularly and complete monthly cash flow projections for the budget year and, at a minimum, one subsequent fiscal year, to ensure that it can meet its financial obligations. Cash is critical for operations; without sufficient cash, the charter school is effectively bankrupt.

Recommendation

The charter school should:

1. Monitor current year and subsequent year cash flow at least monthly and prepare accurate cash flow projections that extend at least 18 months into the future.

Indirect Costs and Administrative Costs

All programs have general management costs, commonly known as indirect costs; these typically include administrative activities such as accounting, budgeting, payroll preparation, personnel services, purchasing, and central data processing. An indirect cost rate gives charter schools an efficient and standard way to recover some general management costs from individual programs. The rates that can be charged to each program are established by the CDE for all LEAs in California. A charter school may claim up to its approved indirect cost rate unless a specific authority (e.g., legislation or regulation) limits the rate. Charging each program the maximum allowable rate allows a charter school to provide equitable indirect

cost charges across the organization, ensures all general management costs are adequately supported by the various programs, and allows the charter to understand the true cost of each program.

In reviewing the charter's MYFP for 2025-26 as well as prior year interim reports, it did not charge indirect costs to any programs. This causes a significant reduction in reimbursed expenses on behalf of the charter, and it understates the operating costs of the restricted programs. The charter could have collected approximately \$29,000 in indirect costs for the unrestricted general fund (some of this amount would have been offset by additional contributions to restricted programs).

Recommendation

The charter school should:

1. Charge each restricted resource and fund the full allowable indirect cost rate, even if this results in a contribution from the unrestricted general fund.

Expenditure Reductions

Staffing Formulas

The charter school has not established staffing formulas for administrative, certificated, or classified positions or set maximum class size limits. Establishing staffing ratios enables the charter school to align staffing with enrollment. It also allows administration to anticipate when new positions will be added and when an existing position will not be replaced. With the charter's current enrollment, it cannot afford nor can it sustain its staffing for the current and two subsequent years.

Recommendation

The charter school should:

1. Create and adopt staffing ratios for administrative, certificated and classified positions and adjust staffing as appropriate in alignment with enrollment and its developed staffing ratios.

Spending Controls

The charter school must make expenditure reductions to maintain fiscal solvency. The charter school has a fiscal policies and procedures manual; however, in interviews during fieldwork and in reviewing audio from board meetings, expenditures often exceed budgets or occur without a budget. The charter school debit card is used rather than any purchase order system, putting intense strain on cash flow and, as was shared in fieldwork interviews, has resulted in checks being returned when funds are insufficient to cover the expense. To control expenditures and ensure that the charter school does not exceed the board-approved budgets, proper purchasing procedures need to be created and enforced. Administration and staff should not be allowed to make purchases without following a purchasing procedure, and credit card use policies must be enforced. It would benefit the charter school to work with its back-office provider to develop a purchase order system for all expenditures, prohibit the processing of a purchase when the budget is insufficient to support the expenditure, and enforce limited use of credit cards.

Recommendation

The charter school should:

1. Create a purchase order system for all expenditures and prohibit the processing of purchases when the budget is insufficient.

Restricted Funds

The charter school needs to ensure that all restricted funds are allocated properly to all allowable expenditures and aligned with their respective plans before it expends unrestricted dollars. Restricted funds should always be spent in accordance with their respective program or funding guidelines. The charter school needs to file its LCAP federal addendum to receive its federal dollars; otherwise it will forfeit \$31,118 in 2025-26. Ensuring that all qualifying expenditures are coded to the correct restricted programs can free up unrestricted dollars that might otherwise have been used for a restricted purpose.

Recommendations

The charter school should:

1. Annually submit the LCAP federal addendum by the deadline to receive federal dollars.
2. Review unrestricted expenditures to see if allowable expenditures can utilize restricted dollars to relieve the unrestricted budget.

Business Services Operational Processes and Procedures

Budget Development

Budget development is a core responsibility of a charter school's governing board and leadership team. During this process, revenue and expenditure estimates are made based on student enrollment, ADA, projected program and operational costs, and anticipated state and federal funding. Staffing needs are reviewed, position control is updated, and resources are aligned with the positions and their respective duties. Budget development is guided by the charter school's Local Control and Accountability Plan (LCAP), which outlines student achievement goals and the strategic use of resources to meet those objectives. Budget development often begins as early as January of the preceding fiscal year. It is key to begin planning early to pull together, discuss and agree on all the projections and assumptions necessary to build the charter school's annual budget. Using a detailed budget development calendar is an effective way to inform board members and staff of their statutory and fiduciary responsibilities. This includes the adoption of an annual budget within the statutory timelines established by EC 47604.33. Additionally, once budgets are developed, posting budget documents on the charter school's website supports transparent business operations and aligns with EC 47604.1 and Senate Bill 126 requirements for open meeting (Brown Act) and open records (Public Records Act). Lastly, accurate and realistic enrollment and ADA and staffing projections and the assumptions behind the projections are paramount as they are the main source of a charter school's revenue and expenses.

The charter school is starting its fourth year of operations, having been authorized July 1, 2022. In the 2024-25 fiscal year, Explore Academy was able to open its doors to students for its first year of service since its authorization. The 2024-25 school year is its base year for actual student enrollment, ADA and staff to then use for budget development for the 2025-26 fiscal year. Currently, the charter school has one full-time executive director, one full-time campus supervisor, three part-time paraprofessionals, one full-time instructional assistant and seven full-time teachers. Additionally, the charter school has vacancies for one full-time office manager and one special education teacher/coordinator.

Explore has contracted with two back-office providers for its financial operations. The first provider contract commenced on July 1, 2022, before the arrival of students, to assist with establishing operations and opening classrooms for the 2024-25 school year. This provider offered support specific to finance such as budgeting throughout the annual budget cycle (budget adoption, first and second interim and unaudited actuals), financial statement reconciliation and cashflow projections, and presenting these reports to the board. Documents provided to FCMAT from the charter school authorizer, OCDE, show that during the charter school's July 23, 2024 board meeting, the back-office support provided the charter school with a budget calendar of compliance dates and reminders for the month of August. However, board minutes and agendas for the remainder of the fiscal year do not show any additional reminders from the back-office support on important dates and deadlines. Additionally, in the charter school's Fiscal Policy, on page 7 in "budgets" and page 8 in "reports," there is only mention of the charter school preparing the annual operating budget and first and second interim reports. There is no annual calendar that includes all relevant duties and dates (e.g., CALPADS reporting, principal apportionment, etc.) that would inform the staff and board of what is due throughout the fiscal year or of the budget development process. This lack of knowledge can lead to missing critical reporting/funding deadlines. As mentioned in the revenue section of this report, the charter school failed to submit its LCAP addendum for federal funding. Also, meetings with charter school parents and the community for input on the development of the LCAP and many other statutory deadlines throughout the fiscal year may have been missed.

In a letter provided to the charter school dated March 26, 2025, the back-office provider terminated the contract with Explore Academy effective April 25, 2025, during critical planning and development for budget adoption. The charter school entered into a contract for business management and accounting services with another back-office provider by April 10, 2025. In this same time period, during a special board meeting on March 11, 2025, the board acknowledged receipt of notice that the executive director would resign effective at the end of the fiscal year, June 30, 2025. The change of back-office providers and loss of the executive director at a critical time in the fiscal year left the charter school vulnerable to missing key steps in budget development and statutory deadlines.

The charter school lacks comprehensive written guidance for budget development and instead has relied heavily on its back-office provider. The lack of written guidance as well as turnover of back-office providers and executive directors leaves new staff and board directors struggling to understand what is due and when, who completes tasks, and how to comply with deadlines. This hinders operational efficiency and consistent budget development. The back-office provider and Explore Academy should work together to develop the budget and include dates in the budget calendar to meet with staff and teachers regarding the process.

It is best practice to provide a budget calendar to staff, the board, community and contracted service providers that details critical deadlines and reports due throughout the fiscal year. Effective budget development depends on clearly documented procedures that promote consistency, efficiency, and accountability.

The budget calendar should include key budget development tasks such as those listed below, additional deadlines and important budget planning meetings, the dates required for completion, and the staff member or contracted service responsible for each task. This will provide transparency to the families of the Explore community, and inform the board of its fiduciary responsibilities throughout the fiscal year:

- Student enrollment and attendance projections.
- LCFF calculations.
- Staffing projections.
- Position control updates.
- Budget planning with the back-office provider and governing board.
- LCAP preparation timelines.
- Community and board meetings for LCAP planning and preparation.
- Back-office provider and executive director budget meetings.
- Interim reporting tasks, deadlines, and board meetings.
- Attendance reporting deadlines.
- Auditor meetings and deadlines.
- Federal funding reporting deadlines.

The executive director works with the back office provider in developing information for the budget, including the following:

- Attendance projections.
- Revenue calculations.

- Budget and interim form preparation.
- LCAP financial reporting.
- Salary and benefit expenditure calculations.
- Multiyear general fund financial projections.
- Cash flow projections.
- Related board presentations.

After budget development is completed, the required reporting should be prepared for the adopted budget hearing and subsequent approval using the charter alternative form. The alternative form, cash flow, budget assumptions and explanation should be included in the board agenda materials and then posted on the charter school's website for the governing board and public to view prior to the budget adoption hearing. This allows the public and board to access the documents and then ask informed questions and propose changes to the budget at the hearing. Similar documents should be provided and posted to the charter school's website at each interim reporting period. This will give new and current families the ability to see where the charter school stands financially, what goals the board and charter school have for students through the dollars being spent, and what is being communicated to the board. It also promotes transparent business operations.

The charter school website contains recordings of only the following board meetings: September 24, October 1 and 22, and November 19, 2024. The board minutes and agendas are listed on the website, but any documents to be discussed or already discussed at the meetings, specifically budget documents, are not accessible. Nor are any prior year board meetings and documents archived for public viewing on the website. Charter school staff stated that if the public wants to view documents before or after a board meeting, they can submit a request to the school under the California Public Records Act (GC 7922.525 - 7922.545). EC 47604.1, enacted with Senate Bill 126 (Chapter 3, Statutes of 2019), requires that charter schools and those that manage charter schools comply with key state laws related to transparency. Specifically, this code requires compliance with the Brown Act (GC 54950 – 54963) for open meeting law, and the California Public Records Act. It is best practice to post on the charter school website each board meeting, its respective agenda and documents that correspond with informational and agenda items, specifically regarding budget development.

FCMAT reviewed the back-office provider's 2025-26 adopted budget documents, which were supplied by Explore Academy. The back-office provider submitted the charter alternative form multiyear projection and assumptions for approval along with its board presentation, which FCMAT received from OCDE. However, the back-office provider did not supply detailed explanations to accompany the assumptions presented to the board. FCMAT was given basic fiscal assumptions, such as COLAs, along with projections for staff, enrollment and ADA. No explanation or justification was included as to how the charter school arrived at its projections for the 2025-26 fiscal year. In charter school documents reviewed by FCMAT staff, the most recent fiscal report submitted to the board with actuals for ADA projection for 2024-25 was third interim. The third interim assumptions showed 93% ADA, with 95% ADA projected for the 2024-25 fiscal year and two subsequent years. Failing to justify the assumptions can lead to inaccurate projections and prevent the authorizer from properly validating the projections. All key assumptions and explanations used for each financial reporting period should be included in a narrative document with backup justification for projections, with all budget documentation clearly posted on the charter school website.

Reviewing historical, current and projected enrollment is a key component of budget development. Accurate enrollment projections are necessary to accurately project fiscal year revenue and the required two subsequent year budgets. In the documents provided to FCMAT, the 2025-26 budget development

assumptions included enrollment projections of 150 students for 2025-26 and 170 students for fiscal years 2026-27 and 2027-28. Board documents, minutes and transcripts provided by the charter school's authorizer show discussion about the charter school's financial position and the need to recruit more students to remain fiscally solvent. However, the budget was built on a projection of potentially recruited students rather than actual student enrollment packets. This leaves the charter school fiscally vulnerable as enrollment and ADA projections are the basis of its LCFF state funding. Interviews with the new executive director revealed that 150 students were projected to be enrolled, only 80 were enrolled. An email from the charter school's authorizer, OCDE, stated that enrollment on the first day of school was 73 students, which is 77 fewer students than projected. The fiscal effect of this is discussed and reflected in the multiyear financial projection FCMAT has included in this report.

Accurate enrollment projections are needed to staff classrooms, plan for cost-effective programs, and manage change. Enrollment and ADA directly affect LCFF revenue, which is the charter school's primary unrestricted funding source. The charter school did not provide documents to show how it arrived at its assumed enrollment projection and FCMAT was unable to identify the charter school's methodology for enrollment and attendance projections. The charter school's back-office support provided enrollment estimates by grade level for 2025-26 and used them to project enrollment for the subsequent years. The charter school back-office provider then applied a 95% yield rate for attendance projections, even though in 2024-25 its ADA to enrollment ratio was 93%. The best practice is to develop enrollment projections and attendance assumptions based on historical trends, adjusted as needed for other reasonable considerations specific to the charter school. For a charter school in its first year of operation, it is best practice to take the attendance rate for that first year and project enrollment conservatively. Enrollment figures and ADA yield rates not based on concrete assumptions provide an overly optimistic projection of the charter school's fiscal position. If the charter school spends its budget based on inflated revenues, it will run out of funds.

Enrollment projections are vital to help identify changes that may significantly affect a charter school's estimated revenue in the current and subsequent years of a projection. The charter school then uses enrollment information to hire or adjust staffing accordingly. Failure to identify potential reductions in revenue based on declines in ADA and to plan for necessary staffing and other reductions in a timely manner can be a significant detriment to a charter school's financial position. Accurate staffing projections during budget development provide information essential for determining instructional priorities, staffing ratios and grade level configurations, and cannot be overlooked.

Budget development assumptions showed that the charter school based its budget on seven teachers for 150 students, or one teacher for approximately 21 students. It was shared in fieldwork interviews that 85 students were anticipated but 80 had officially enrolled. Although a goal to have smaller classroom sizes per teacher was discussed during the January 28, 2024 board meeting, no teacher-to-student ratio was officially set. In reviewing board policies, the charter's mission and vision, and the fiscal and employee handbook, FCMAT found no evidence that the charter school has an official teacher-to-student ratio to use as an assumption for budget development. The lack of a staffing ratio to use in enrollment projections gives the charter school no clarity on how many full-time equivalent (FTE) to hire. It is best practice to review projected and budgeted staffing with the back-office provider prior to onboarding additional FTE.

Recommendations

The charter school should:

1. Develop and use a budget calendar that includes all dates for statutory deadlines and other budget development tasks, including the individual responsible for each task, so that the executive director, governing board, back-office provider and staff are aware of deadlines and their respective responsibilities.

2. Develop and implement a process to ensure that the executive director and staff are involved in and partner with the back-office provider in budget development and do not solely rely on the back-office provider to build and complete each fiscal task.
3. Provide and explain all key assumptions used at each financial reporting period in a narrative document for the governing board and charter school authorizers.
4. Post prior and current board agendas, specifically approved budgets and their corresponding documents on the charter school website.
5. Develop and adhere to a teacher-to-student ratio that is in line with the governing board's mission and vision for the charter school.

Budget Monitoring

Charter school budgets change throughout the year. Estimated revenues, expenses and ending balances can fluctuate with changes in state budget projections, enrollment and attendance, personnel and operational needs. Budgets need to be monitored regularly during the fiscal year to ensure appropriations are not overspent, revenues remain appropriately projected, and actual expenditures are not materially different from those budgeted.

Regular financial reporting and timely budget revisions are essential components of budget monitoring. Reporting and monitoring are conducted during the fiscal year as additional information develops and the charter school's needs change. Budget revisions are necessary when there are increases and decreases in estimated income and expenditures and when closing the prior fiscal year books, budgeting carryover balances from prior years.

The budget adoption and revision process goes to the charter school governing board for approval during dates established in Education Code:

- July 1 – Each charter school shall submit a preliminary budget to its chartering authority – EC 47604.33(a)(1).
- December 15 – First interim reporting for period ending October 31 is due to the chartering authority and county office of education (COE) – EC 47604.33(a)(3).
- March 15 – Second interim reporting for period ending January 31 is due to the chartering authority and COE – EC 47604.33(a)(4).
- June 1 – Third interim reporting for period ending April 30 is due to the chartering authority and COE if the charter school is certified as qualified or negative at second interim and is requested by the chartering authority.

The first step in monitoring the charter school budget is reviewing its budget monthly. By reviewing the budget to actuals spent, the charter school can determine what adjustments need to be made throughout the fiscal year. The next step in budget monitoring is meeting the statutory deadline for review and approval of interim budget reporting and providing a multiyear financial projection during each reporting period. The budget is reviewed and analyzed to align with changes and presented to the governing board to approve. It is then submitted to its authorizer and the COE for review. This enables the charter school to view its financials from certain moments in time in comparison to the most recently board approved budget and monitor its fiscal condition. Should there be budget revisions that need to be made to align the budget to how school opened, operational and staffing changes and any changes in the governor's budget

that were adopted after the charter school approved its budget, the charter school should make continual budget revisions, and at the very least during the first interim period of review and revisions.

The 2024-25 board meeting calendar provided by the charter school authorizer shows a board meeting was scheduled for December 17, 2024. However, the board agendas provided by OCDE show no meeting in December. The next time the board met was on January 28, 2025. The first interim budget was listed on the January 28 agenda as an informational item, not as an action item to approve. Staff noted in interviews that they met regularly with the back-office provider to review budget to actuals. Reviewing and approving budgets during the annual fiscal cycle keeps the charter school in compliance with statutory deadlines as detailed above. Failure to approve budgets by their statutory deadline leaves the charter school out of compliance with its fiduciary responsibility and at fiscal risk for not taking timely action to monitor and revise its budgets. FCMAT's Charter School Accounting and Best Practices Manual states on page 35:

Each budget line-item should be accompanied by a detailed narrative of how each amount was determined. These explanations should include calculations, assumptions, and other metrics that demonstrate how the budgeted amounts were calculated.

After the budget is consolidated and balanced, the charter school executive director or designee should review the documents in detail before presenting to the governing board for final approval and subsequent submission to the chartering authority.

Explore Academy presented the board with budget updates on October 22, November 19, and February 25, and with the first interim budget on January 28, 2025, and the second interim budget on March 25, 2025. The due date to adopt and submit second interim is March 15. Explore Academy was late in presenting and submitting both its first and second interim budgets. During these presentations, the charter school projected combined unrestricted and restricted negative ending fund balances in the current and two subsequent years: (\$539,404) as of second interim, a (\$455,847) ending fund balance in 2025-26 and a (\$436,247) ending fund balance in 2026-27, respectively.

After the charter school's submission of its second interim budget was reviewed by OCDE, the county office submitted a Notice of Concern dated April 14, 2025, regarding the fiscal condition of Explore Academy and requested the charter school provide a fiscal stabilization plan and third interim. Their concerns included inaccurate financial reporting, overstated enrollment projections and financial estimates, deficit spending, reserves and cash flow projections and significant debt. OCDE further stated that failure to comply could result in a violation. On May 19, Explore Academy provided a detailed response to the authorizer's April 14 notice. In its response was a fiscal stabilization plan and third interim report. Although the charter school notes cost savings and updates to its revenue projections in the stabilization plan, the third interim budget still reflects a negative ending fund balance for the current and subsequent fiscal years and enrollment projections at facility capacity. This is further detailed in a second notice of concern regarding the fiscal condition of Explore Academy dated June 11, 2025. Explore Academy needs to make budget revisions as part of its budget monitoring process. Receiving notice from its authorizer shows Explore Academy has not been monitoring its budget, nor is it making revisions and decisions to project a budget that is aligned with its reality.

Shortly after the third interim was presented to the board on May 13, 2025, the proposed 2025-26 budget was brought to the board for review and adoption on June 24, 2025. In a review of the board agenda, the budget was not a public hearing item under after the Local Control and Accountability Plan (LCAP) public hearing; it was only listed as an action item for approval. According to EC 47606.5 and 47604.33, charter schools are required to hold a public hearing for family and community input before adopting the LCAP. Although California Education Code does not require the budget to be presented in a hearing to the board

like the LCAP, as stated in the FCMAT's California Charter School Accounting and Best Practices Manual on page 36, it is best practice:

The LCAP must be submitted to the chartering authority and the county superintendent of schools (or only the county superintendent of schools if the county board of education is the chartering authority) by July 1 of each year pursuant to Education Code Section 47604.33. Charter schools must hold a public hearing to solicit recommendations and comments on the LCAP, followed by a subsequent public meeting for the plan's adoption. As with other statutory reporting requirements, the chartering authority's responsibility is not to approve the LCAP, but to ensure that the charter school has complied with all LCAP reporting requirements, including providing for an adopted budget that includes the expenditures necessary to implement the school's LCAP.

As part of the charter school's LCAP process, it is best practice to be transparent and present the LCAP and proposed adopted budget in a public hearing to solicit recommendations and comments prior to taking action to approve. This provides the board with the opportunity to give input on the budget it will be monitoring for the fiscal year.

As discussed in the Budget Development and Position Control sections of this report and detailed as an area of concern from the charter school's authorizer in the second notice of concern dated June 11, 2025, the staffing and enrollment projections are areas of fiscal concern that have not been monitored. As presented to the board during its June 24, 2025 board meeting, the assumption used for staff was seven teachers, one administrator, two pupil support staff, three classified support staff and one office clerical staff for its proposed adopted budget and subsequent two years. Actual staff hired as of September 18, 2025: seven teachers, one administrator, one full-time campus monitor/after school coordinator, three part-time paraprofessionals and one full-time instructional assistant. Additionally, per EDJOIN, there are two vacancies: one full time special ed teacher/coordinator and one full-time office manager. The teacher/coordinator vacancy reflects one additional FTE from what was projected, equaling eight teachers total. The enrollment projection used was 150 students for the proposed 2025-26 year, and 170 students for the two subsequent years. The charter school's actual enrollment as of the first day of school was 73 students. This is a difference of 77 students. The fiscal effect of this will be addressed in the Multiyear Financial Projection section. However, as part of budget monitoring best practices, the charter school should prepare a revised budget for the governing board to approve prior to first interim that reflects a more realistic picture of its financial position given its enrollment. FCMAT's California Charter School Accounting and Best Practices Manual states on page 39:

Since a budget is a point-in-time projection based on assumptions available at the time of development, charter schools will need to periodically make budget changes. At a minimum, budget revisions should be made during the interim financial reporting process, and as necessary, at other times throughout the fiscal year. Specifically, the first and second interim reports due to the charter authorizer in December and March respectively should reflect revised projected revenue and expenditure totals. In addition, depending on the timing of the state's adoption of the annual budget act, and the changes with the start of the school year, **charter schools should consider preparing a revised budget for governing board approval in the fall (i.e., in September or October) to reflect adjustments relating to state funding, enrollment, and other needs.**

[Emphasis added by FCMAT]

Increasing enrollment from 73 students in the current year to 170 in the two subsequent years, as projected in the 2025 adopted budget, may not realistically reflect the charter school's ability to recruit and retain students. Enrollment is the basis of its main state funding source and incorrect projections can detrimen-

tally affect the charter school's budget. It is critical for the charter school to re-evaluate its enrollment and project conservative increases based on reasonable assumptions.

Recommendations

The charter school should:

1. Submit budgets by the statutory deadlines as set by Education Code.
2. Prepare and revise the budget at a minimum during the interim budget reporting periods if not earlier.
3. Promote transparency by presenting the LCAP and proposed adopted budget in a public hearing to solicit recommendations and comments prior to taking board action to approve.
4. Re-evaluate its enrollment and project conservative enrollment increases at a minimum during the interim budget reporting periods.

Position Control

It is critical to maintain an effective position control system to manage the cost of salaries and benefits and to properly show those expenditures in the charter school's budget. Accurately projecting salary and benefit costs is vital for fiscal stability.

In a larger charter school or district, an effective position control system will fully integrate with payroll and budget modules, facilitate the hiring and monitoring of staff, and be used to update the budget at each reporting period. When one system is used, staff time and duplication of effort is reduced, and information can be produced on time. Maintaining accurate data is essential for budget development and monitoring throughout the year to provide effectiveness and continuity of services. All reconciliation of data needs to include SACS coding so that in reviewing budgets, the charter school can verify the funding source of the position and, when required, run financial statements that reflect the true cost of a restricted grant program for accurate grant reporting. In the case of a smaller charter school like Explore Academy, knowing about position control and how to build it out as the charter school grows is foundationally important to maintain its fiscal health.

Building a position control foundation begins with board-approved staffing ratios based on school needs, any directive from the board on its teacher-to-student ratio goals and any legal requirements. Ratios to consider are administrators to staff and student enrollment, student to teacher, and classified support staff and student ratios. Once the number of positions based on the corresponding ratio has been established, administration can determine the number of employees who hold the correct credentials and qualifications for the determined positions and proceed with hiring as needed. This allows time to review and ensure the correct program and budget is aligned with the positions. As the organization grows, new positions can be created to fill the need according to the ratios set by the board and are only onboarded if approved by the board and funds allow. As part of the approval process, the fiscal impact of the new or replacement position needs to be communicated and the funding source for the position included.

As mentioned in the Budget Development section of this report, in a board meeting on January 28, 2025, a future goal of the board is to have smaller classroom sizes per teacher. To achieve this goal, the board needs to set the staffing ratios. If a low ratio is established, this could strain the budget and keep the charter school in a precarious financial position. Analysis of revenues to teacher salary and benefit costs needs to be part of the development of a staffing ratio the charter school can afford. The lack of staff ratios has already had a negative effect. As of September 4, 2025, according to EDJOIN, the charter school

is hiring one additional FTE – a special education teacher/coordinator, increasing teacher FTE to 8. Not having staffing ratios has led the charter school to hire one more FTE than it had projected in its adopted budget. The average cost of a teacher based on the charter school's 2025-26 salary schedule is \$75,776. The charter school is already in fiscal distress as discussed in the Budget Monitoring section of this report. This budget was based on 150 students enrolled, with a student-to-teacher ratio of 21.4 to 1. However, the charter school's authorizer shared that as of the school start date there were only 73 students, not the projected 150 students. That leaves the charter school with a potential student-to-staff ratio of 9.12 students to 1 teacher. The lack of position control and staffing ratio has left the charter school with positions that are not needed based on enrollment. The fiscal impact of this is discussed in the Multiyear Financial Projection sections of this report.

Recommendations

The charter school should:

1. Ensure that all new and existing positions included in the budget are approved by the governing board and the board is aware of each position's funding source and its fiscal impact on the budget.
2. Create and adopt staffing ratios for administrative, certificated and classified positions and adjust staffing as appropriate to align with enrollment.
3. Create and maintain a position control system that includes all board-approved positions, with salary and benefit costs and account code.
4. Audit and reconcile staffing ratios to ensure they account for all board-approved positions, including salary and benefit costs, in the position control system.

Payroll

Explore Academy outsources payroll processing to Paycom, a third-party payroll service provider. Employees are paid twice monthly, on the 10th and 25th of each month worked.

During interviews, staff reported that Paycom automates several key functions, including:

- Submission of employee withholding information.
- Preparation, authorization, and submission of absence authorization and verification forms.

Employees are responsible for logging their own time into the Paycom system. The executive director/principal reviews and approves time entries. Once verified, payroll data is transmitted from Paycom to Charter Impact (the back-office provider) for integration into the school's financial records.

Staff also indicated that a comprehensive spreadsheet is used to track payroll-related items; however, this spreadsheet was not provided to FCMAT for review.

Recommendation

The charter school should:

1. Reconcile payroll monthly with position control to ensure that only authorized employees are paid.

Accounts Payable

Accounts payable work includes accurately tracking amounts owed to vendors, ensuring vendor payments are properly approved, and processing timely payments to vendors. The accounts payable process originates when a purchase is made to obtain supplies or services from a vendor. Because of the nature and volume of work, purchasing and accounts payable functions are at high risk for errors and fraud. Effective purchasing and accounts payable processes and procedures include activities to ensure that all expenditures are approved based on available budgeted resources and that only legitimate and accurate invoices are authorized and paid.

Charter schools may use purchase requisitions and/or purchase orders to initiate purchases from vendors. A purchase requisition is most commonly used to start a request and complete an approval process to make a purchase. Purchase orders are used to communicate the order to the vendor. The charter school's board approved the Explore Academy Fiscal Policies and Procedures Manual dated July 29, 2025, which contains purchasing controls and procedures that allow the executive director to approve purchases, invoices and employee reimbursements up to \$15,000. For transactions over \$15,000, the approval of the board president or board treasurer is required. While the procedures in the manual reference purchase orders in the verification process for invoices, the charter school does not currently utilize purchase requisitions or purchase orders to initiate purchases of materials, supplies and services from vendors.

The use of either paper form or electronic form purchase requisitions and an internal approval process to initiate the purchase of materials, supplies, and services would tighten budget and cash controls for the school. Following is an example of an approval workflow:

- Teacher requests classroom supplies (requestor).
- Office manager determines if there is adequate budget and available resources for requested supplies (budget approver).
- Executive director assesses if requested supplies are allowable with funding source and in compliance with the educational program (final approver).

After final approval of the purchase requisition, a purchase order may be issued to the vendor for the classroom supplies. Without these procedures established, there is risk that unauthorized purchases may be made that obligate the school and/or exceed the budget and available cash resources.

A purchasing process that uses a purchase order system integrated with the financial system is the best practice because such systems automatically encumber the charter school's budget when a purchase order is approved. Budget encumbrances are essential to managing and monitoring the budget. The charter school does not have an integrated system, so purchasing obligations should be carefully monitored and tracked against the most current budget to determine funds available for future uses.

As discussed in the Expenditure Reductions section of this report, Explore Academy uses a debit card instead of a purchase order system, resulting in weak expenditure controls and strain on cash resources. To improve internal controls on purchasing, the charter should implement a purchase order system, strengthen existing credit and debit card policies, and prohibit purchases that exceed available budget.

The charter school utilizes the services of a back-office provider to record accounts payable transactions and issue checks to vendors. During FCMAT's interviews, charter school staff reported that all invoices are directed to the office manager who then uploads approved invoices and associated backup supporting documentation into ShareFile, the back-office service provider's file sharing system. The back-office service provider enters this information into its financial system, Sage, and issues payments directly to vendors. Prior to issuing payments, the back-office service provider consults with the charter school to ensure there is sufficient cash available. It is important to retain supporting backup documentation for invoices so that evidence exists to legitimately verify goods and services received by the charter school. Interviews with the current back-office service provider revealed that several accounts payable transactions during the past few months are lacking back-up documentation. They check in weekly with the charter school to request and obtain any missing documentation and acknowledge that the recent staffing transitions at the charter school have made it challenging for the new staff to locate missing documentation.

Timely invoice payment is critical for maintaining healthy vendor relationships. Charter school staff reported that the school has had difficulty meeting invoice remittance due dates as a result of insufficient cash availability to disburse payments. Further, they reported that charter school staff prioritize the issuance of checks if there is not enough cash available to pay all outstanding invoices. Not issuing payments in a timely manner puts the school at risk of the cancellation of services and a downgrade in its credit rating.

Recommendations

The charter school should:

1. Establish the use of purchase requisitions with an internal workflow approval process.
2. Strengthen current credit and debit card policies.
3. Monitor and track purchasing obligations made against the most current budget to determine funds available for future uses.
4. Develop a system to file and maintain backup documentation to support invoice processing.
5. Update and monitor cashflow projections to account for the projected timing of payments for goods and services to ensure adequate cash is available to pay invoices timely.
6. Make plans for short-term cash borrowings well in advance of projected cash shortfalls to ensure operational continuity.

Accounts Receivable

The accounts receivable function manages the collection of payments made or owed to the charter school, including donations and revenue from other local sources. Basic activities include depositing funds, recording revenue, reconciling cash accounts, managing accruals, and tracking payment schedules for federal, state, and local funding. Effective accounts receivable procedures are essential to protect charter school assets, prevent fraud, and ensure accurate financial reporting.

The school uses a back-office service provider for recording accounts receivable transactions. At the time of interviews, the school's newly hired office manager had not yet started working in the role. As a result, the accounts receivable procedures described by the executive director were generalized since she began work in her role a month prior and not yet had the opportunity to perform the procedures herself. No manuals or other documentation is available to help the staff perform their duties accurately and efficiently.

This increases the risk of processing errors, inefficiencies and service disruptions, particularly during staff absences or transitions.

As described in interviews, when the school receives checks for items such as donations, payments and fundraisers, the office manager issues a receipt to the donor/payor. Fundraising activity and receipts are logged individually by event. Deposits are counted by the office manager and the executive director; the deposit is prepared and submitted to the school's local bank by the executive director; and a copy of the deposit slip and check(s) is uploaded to ShareFile for the back-office service provider to record in the financial system. The executive director receives the bank statements each month and forwards them to the back-office service provider for reconciliation; however, FCMAT was not provided with copies of bank statements and reconciliation reports to verify this.

The Orange County Department of Education's 2024-25 Charter School Annual Oversight Report includes a recommendation for the school to update its cash management policy to include procedures related to cash receipts for the following:

- Issuance of prenumbered receipts for all cash, cashier's checks, and money orders received.
- Reconciliation of receipts to the deposit.
- Maintenance of an audit trail to ensure the deposit of all monies.
- Description of how cash is securely stored and how often deposits are to be made.
- Description of how many employees count cash and what documentation is signed to certify amounts.
- Description of how duties are segregated for the receipt of monies, deposit of funds, and reconciliation of bank statements.

The Explore Academy Fiscal Policies and Procedures Manual dated July 29, 2025, lacks a procedure for utilizing prenumbered receipts for all cash, cashier's checks and money order receipts, though staff interviewed said a receipt is issued to the donor when a check is received. Also, the manual lacks a procedure for the handling of cash receipts such as how many employees should count cash and certify amounts through documentation and signatures. The manual does, however, define procedures for the receipt of checks. FCMAT reviewed the school's 2024-25 general ledger and observed that the school received Zelle payments from donors that are deposited directly in the school's bank account. The process for how these transactions are recorded is unclear and is not included in the policies and procedures manual. Improved and detailed operational procedures are needed for cash receipts and electronic receipts from sources such as Zelle to reduce the potential for errors and fraud, and to ensure proper accounting coding of the revenue. The executive director should maintain close oversight of these functions to ensure charter school assets are protected.

Recommendations

The charter school should:

1. Update procedures in the Explore Academy Fiscal Policies and Procedures Manual to include the use of prenumbered receipts for all cash, cashier's checks and money orders, and cash counting procedures.
2. Update the Fiscal Policies and Procedures Manual to include accounting and reconciliation procedures for Zelle and other electronic receipts.

Contracted Services

Small independent charter schools frequently use the services of independent contractors for many necessary business management and operations functions and for specialized academic services because they typically are not large enough to support these services in-house. Charter schools are exempt from many state statutes and regulations; however, EC 47604.1 requires that charter schools comply with Government Code (GC) 1090, which prohibits public officials and employees from having a financial interest in contracts they make or participate in; and with the Political Reform Act of 1974, which includes provisions concerning conflicts of interest in governmental decision-making. For fiscal year 2025-26, FCMAT projected contracted services expenditures to be \$644,955, comprising approximately 27% of Explore Academy's total projected expenditures.

In addition to these regulations pertaining to contracting, the charter school's Fiscal Policies and Procedures Manual dated July 29, 2025 states:

Purchases, Contracts or Agreements that exceed \$15,000, require Board approval. The Executive Director shall review and consider only written proposals/contracts/agreements from vendors. Terms may only be presented in writing. Contracts/Agreements in excess of \$15,000 require a detailed proposal be presented to the Board of Directors. Contracts/Agreements for services require such proposal be presented by the Vendor.

Further, the Bids Policy and Procedure included in the manual states, in part:

The school shall purchase equipment, supplies, and services using competitive bidding when required by law and in accordance with board policy. In those circumstances where the law or board policy does not require competitive bidding, the Board of Directors may request that a contract be competitively bid if the Board determines that it is in the best interest of the school to do so.

1. School shall seek competitive bids for contracts involving an expenditure of \$15,000 or more for a school construction project.
2. "School construction project" includes construction, reconstruction, erection, alteration, renovation, improvement, painting, repainting, demolition, and repair work involving a school owned, leased, or operated facility.
3. Competitive bids shall be sought for contracts exceeding \$15,000 for the following:
 - i. The purchase of equipment, material, or supplies to be furnished, sold, or leased to the school.
 - ii. Services, not including construction services, or special services and advice such as accounting, financial, legal, or administrative matters.
 - iii. Repairs, including maintenance, that is not a public project.

Even if not required by law or the charter school's policies, it is best practice to solicit at least three proposals, if possible, when procuring services. Requests for proposals for obtaining equipment, materials, supplies and services should communicate to vendors detailed specifications and criteria defined by the charter school for what they expect to receive. Any contract/agreement between the charter school and a vendor should include a description of the service to be performed or goods to be delivered, the pricing for the service or goods which may include a "not to exceed" amount, and the start and end date of the contract. A contract must be fully executed for it to be valid and enforceable. Fully executed is defined as

the point at which a contract is signed and dated by each of the authorized parties to form a legally binding contractual relationship.

FCMAT was provided with and reviewed several contracts for special services and advice exceeding \$15,000 between the charter school and various vendors, including the following, totaling approximately \$520,000 for the 2025-26 fiscal year:

Table 13: Sample vendor contracts – 2025-2026

Vendor	Description	Amount
Revolution Foods	Food services	\$112,000
Charter Impact	Business management, payroll, and student data services	\$99,300
TrueNorth Education Services, LLC	Administrative and education management	\$62,068
AllyOp	Staff professional development/mentoring	\$56,000
Service Providers	Special education compliance and management support	\$45,000
Cross Country	Substitute special education service providers	\$39,000
Norma Alvarado	After school program coordinator	\$25,688
TechLab	Information technology support	\$22,604
Norma Alvarado	Campus site support/monitor	\$20,254

Sources: charter school.

During the review, FCMAT observed that none of the contracts provided for review and listed in the table above were fully executed by signatures of both the vendor and the authorized signer of the charter school.

The charter school entered into a service agreement with TrueNorth Education Services, LLC (TrueNorth) on November 19, 2024. The agreement was recently amended on July 29, 2025. TrueNorth supports the school with the following administrative functions:

- Human resources
- Strategic planning and growth
- Marketing and PR
- Curriculum and instruction
- California Department of Education reporting/compliance
- Facilities
- Resource management
- Risk management

Interviewees indicated that in spring 2025, TrueNorth procured another service provider for the school, Charter Impact. Charter Impact is the current back-office financial services and student information services provider as of May 1, 2025. TrueNorth led the process at the direction of the charter school’s board of directors and solicited five potential vendors with Requests for Proposals (RFP) in accordance with the Fiscal Policies and Procedures adopted by the board. FCMAT was provided with the executive summary prepared for the board by TrueNorth, which describes the evaluation process, vendor responses to primary evaluation questions, and costs for two of the five vendors – Charter Impact and DMS. At the board meet-

ing prior to the approval of the Charter Impact service agreement, the charter school's executive director asked a series of questions that should have occurred during the vendor evaluation process; however, the executive director was not included in the procurement process. The executive summary provided to FCMAT and to the board by TrueNorth contained a recommendation to select Charter Impact: "TrueNorth highly recommends Charter Impact to replace ICON, the current Back Office provider and to begin work on May 1, 2025." On April 10, 2025, the board took action to approve a service agreement with Charter Impact effective May 1, 2025.

The California Fair Political Practices Commission (FPPC) regulates independent contractors under state conflict-of-interest laws when they are hired by public agencies. The charter school should be involved in identifying consultants that will participate in making governmental decisions on its behalf. If an independent contractor participates in governmental decision-making by recommending a service provider such as in the example provided in the previous paragraph, the charter school should evaluate whether it should complete California Form 805, Agency Report of: Consultants, or any other applicable disclosures.

FCMAT reviewed the charter school's check register dating from 07/20/2022 – 06/10/2025. During that period, several payments were issued to individuals and businesses for student enrollment recruitment services totaling more than \$90,000. In addition, payments of \$20,000 were issued to an individual for facilities improvements. Purchases exceeding \$15,000 require board approval per the charter school's Fiscal Policies and Procedures. FCMAT was not provided with evidence of board approval or executed contracts for recruitment or facilities improvements services to determine the terms and conditions of the services rendered to the charter school. While each individual payment did not exceed \$15,000, given the impact to the charter school budget of the cumulative payments, and to protect the best interests of the charter school, the best practice is to develop and execute contracts for services that will exceed the \$15,000 threshold.

Independent Contractors Versus Employees

During fieldwork and document review, FCMAT noted that Explore Academy has entered into a contract with a campus site support/monitor for 2025-26. Explore Academy also has an employee with a substantially similar title, campus monitor/after school support. Misclassifying employees as independent contractors can lead to significant penalties for employers. Both the Internal Revenue Service and the California Department of Industrial Relations have specific guidelines and tests to determine the appropriate classification for employees and independent contractors. The charter school should evaluate the duties of both individuals and whether they have been appropriately classified as an employee and/or as an independent contractor.

Recommendations

The charter school should:

1. Develop a system to ensure that all charter school contracts are fully executed, maintained, and filed for record-keeping purposes.
2. Evaluate whether independent contractors will participate in the charter school's decision-making by conducting procurement processes and recommendations for the board, and ensure the proper disclosure forms are completed by the independent contractor(s).

3. Ensure special services such as student recruitment service and facilities improvements service contracts are executed between the charter school and the vendor memorializing the description of the service to be performed or goods to be delivered, the pricing for the service or goods which may include a “not to exceed” amount, and the start and end date of the contract as well as any other clauses that protect and indemnify the charter school.
4. Evaluate the duties performed under the contract for campus site support/monitor and the duties performed by the employee who is the campus monitor/after school support and whether each has been appropriately classified as an employee or an independent contractor.

Human Resources

As a small charter school, Explore Academy has minimal administrative staffing. Most human resources duties are performed by a third party, TrueNorth.

Hiring

TrueNorth primarily advertises teaching positions through EDJOIN. While other advertising platforms were mentioned during interviews, specific names and examples were not provided to FCMAT.

Interviews conducted with both Explore Academy and TrueNorth revealed that TrueNorth is responsible for reviewing all applications to ensure candidates meet job requirements. This includes credential verification and reference checks. Candidates who meet the criteria are then recommended to the executive director for final interviews and hiring decisions. In the most recent hiring cycle, TrueNorth conducted all interviews independently, without participation from Explore Academy staff or board directors.

FCMAT received conflicting information regarding the interview process for prospective employees. During an interview with TrueNorth on August 26, 2025, representatives stated that they conducted teacher interviews on behalf of Explore Academy, with no involvement from Explore Academy staff or board members. However, an excerpt from an email dated February 7 from TrueNorth to the OCDE states they do not participate in interviews:

1. What role does TrueNorth play in managing the recruitment process? We will mostly play a logistics role in supporting the school through the interview process. We will work with the school to develop job descriptions, developing salary bands competitive with area schools which are approved by the Board members. When asked to do so, we will post job listings (e.g., EdJoin) and help them review applications if requested to do so. The school will determine positions it needs and we will work with them to put their needs into job postings.
2. Does TrueNorth participate in interviews? We will help with initial screening and verifying resume credentials, complete application packets received from interested job candidates. The Principal/Executive Director will interview and make choices. We will provide our evaluations of candidates if that is requested. **We do not anticipate participating in the actual interviews.**
3. Does TrueNorth participate in any procuring contracts? No

[Emphasis added by FCMAT]

While the board of directors may delegate recruitment, selection and hiring responsibilities, it must retain ultimate authority over employment decisions. If staff or board members are not directly involved in the recruitment and selection process, the board should still receive formal hiring recommendations and be responsible for approving and appointing employees.

Recommendations

The charter school should:

1. Ensure that third party organizations are following the directions of the charter school in hiring processes and all state and federal regulations.
2. Report all employees hired by the executive director to the board as an information item.

3. Have the board of directors approve all newly hired employees as best practice.

Onboarding

The contract with TrueNorth indicates they will “support the executive director in the following: develop an employee onboarding program.” TrueNorth connects employees with Charter Safe, Explore’s JPA for liability insurance, for mandated training and sends pay information to Charter Impact. According to staff interviews, new employees upload their information to Paycom but school staff must do DOJ clearances, employment eligibility verification and follow-up on outstanding documents.

The charter school has an onboarding checklist that it has used inconsistently. To ensure Explore Academy remains in compliance, it should consistently use this checklist to track the completion of onboarding requirements. The checklist should be reviewed and updated annually for any necessary changes.

Recommendations

The charter school should:

1. Consistently use the onboarding checklist to track the completion of onboarding requirements.
2. Review and update the checklist annually for any necessary changes.

Exit Interviews

Exit interviews are a valuable tool to gather feedback for an organization. This feedback can improve workplace culture, processes and policies, and reduce turnover. Based on interviews and a review of personnel files, Explore Academy does not conduct exit interviews when employees separate from the school.

Recommendation

The charter school should:

1. Consider conducting and documenting exit interviews with separating employees.

Employee Evaluations

Although Explore Academy is not subject to EC 44664, the school’s approved material revision addresses employee evaluations within Element F: Employee Qualifications, as required by EC 47605.6(b)(5)(F). This section outlines “the qualifications to be met by individuals to be employed by the school,” and includes job descriptions that specify evaluation responsibilities.

For example, the principal’s job description includes:

- Leading instructional staff to achieve high performance through goal setting, feedback, and evaluation.
- Monitoring instructional planning and implementation.
- Reviewing instructional and planning documents.
- Conducting formal and informal classroom observations and maintaining written records with recommendations.

- Performing regular evaluations of instructional staff, including annual performance reviews.

Employee evaluations are a critical tool for assessing individual performance and enhancing organizational effectiveness. They provide a structured opportunity for employees and supervisors to:

- Review job performance.
- Recognize achievements.
- Identify areas for growth and improvement.
- Communicate support needs, such as training or resources.

A consistent evaluation process fosters professional development, aligns individual goals with organizational objectives, and supports strategic staffing decisions. It also promotes accountability, improves communication between staff and leadership, and contributes to employee motivation and job satisfaction.

Explore Academy outlines its evaluation procedures in both its Employee Handbook (Page 47) and employment contracts for teachers. According to these documents:

- Performance reviews are to be conducted periodically by the employee's immediate supervisor.
- The frequency of evaluations may vary based on factors such as job position, tenure, performance history, and changes in duties.
- Evaluations assess areas including work quality and quantity, job knowledge, initiative, and interpersonal attitude.
- Employees are required to sign evaluation reports to acknowledge receipt and discussion, not to indicate agreement.
- New hires may have performance goals reviewed within the first 90 days.
- Teacher contracts specify at minimum annual evaluations, typically around the anniversary of employment.
- Salary increases and promotions are not tied to performance evaluations but are based on objective criteria such as years of experience.

Despite these stated policies, FCMAT found no evidence of consistent annual performance evaluations in personnel files. This discrepancy suggests a gap between policy and practice, which may impact accountability, employee development, and compliance with internal governance standards.

Recommendations

The charter school should:

1. Conduct evaluations as outlined both in its employee handbook and its employment contracts.
2. Have employees sign evaluations indicating acknowledgement of receipt.
3. Keep a copy of the evaluation in the employee's personnel file.

Training and Cross-training

As the school has been unable to secure a consistent office manager, FCMAT was unable to determine the level of training and cross training that occurred. No training plan or written processes and procedures are established for a new or substitute employee to follow.

Written processes and procedures ensure consistency and compliance as well as continuity during times of transition.

Recommendations

The charter school should:

1. Create written processes and procedures for new or substitute staff to follow.
2. Create a plan for training a new office manager.

Personnel File Management

Explore Academy has no board policy regarding personnel files. However, the employee handbook states, "At the time of employment, a personnel file is established for each employee. It is each employee's responsibility to keep their Supervisor, Executive Director or Human Resources advised of changes that should be reflected in their personnel file. Such changes include change in address, telephone number, marital status, number of dependents and person(s) to notify in case of emergency."

As a best practice, personnel files should also contain the following information:

- Completed personnel file checklist.
- Log of individuals accessing the file with dates.
- Employment application and resume.
- Offer letter/signed employment agreement (including salary, position title, and start date).
- Signed job description (match above).
- Emergency contact information.
- Proof of credential verification.
- Tuberculosis (TB) test clearance.
- Proof of required background check and clearance.
- Proof of required annual trainings (mandated reporter, sexual harassment prevention, etc.).
- Signed employee handbook acknowledgment (new signatures should be obtained when revised).
- Signed annual performance evaluations.
- Disciplinary records (if applicable).
- Leave of absence documentation (if applicable).
- Separation/exit interview documentation (when applicable).

The following items should not be stored in an employee’s personnel file:

- Form I-9 - Employment Eligibility Verification.
 Form I-9, and copies of any documents retained should be kept in a separate secured file with limited access. If the charter school keeps copies of documents proving employment eligibility, it should keep them for all employees to avoid claims of discrimination.
- The following should be kept in a payroll file for each employee:
 - Form W-4 - Employee Withholding Certificate (federal).
 - DE 4 - Employee’s Withholding Allowance Certificate (California).
 - Health Benefits Enrollment Forms (if applicable).
 - Direct Deposit Authorization (if applicable).

FCMAT randomly chose six employee files from the 2024-25 fiscal year: four teachers and two classified employees and reviewed the personnel files that were available on site. While not part of the scope of this report, at the time of the FCMAT interviews, no personnel files were available for 2025-26.

Table 14: Results of personnel file review, 2024-25

Document	Certificated 1	Certificated 2	Certificated 3	Certificated 4	Classified 1	Classified 2
Completed personnel file checklist	Yes (partial)	Yes (partial)	Yes (partial)	No	No	No
Log of individuals accessing the file with dates	No	No	No	No	No	No
Employment application and resume	Yes	No (Resume only)	No (Resume only)	Yes	No	No
Offer letter/signed employment agreement (including salary, position title, and start date)	No	Yes	Yes	Yes	No	No
Signed job description (match above)	No	No	No	No	No	No
Emergency contact information	No	No	No	No	No	No
Proof of credential verification	No	No	Yes	yes	N/A	N/A
TB test clearance	No	No	No	Yes	No	Yes
Proof of required background check and clearance	No	No	Yes	No	No	No
Proof of required annual trainings (mandated reporter, sexual harassment prevention, etc.)	Yes (partial)	No	Yes	Yes	No	Yes

Document	Certificated 1	Certificated 2	Certificated 3	Certificated 4	Classified 1	Classified 2
Signed employee handbook acknowledgment (with new signatures obtained when revised)	No	No	No	No	No	No
Annual performance evaluations	No	No	Yes	Yes	No	No
Disciplinary records (if applicable) ¹						
Leave of absence documentation (if applicable) ₁						
Separation/exit interview documentation (when applicable) ¹						

¹Staff was unable to verify whether the absence of documentation for these items was because they were not applicable (disciplinary records, leave of absence documentation) or because documentation was not appropriately kept.

Sources: FCMAT and the charter school.

Three personnel files contained I-9 and copies of employee documents.

One personnel file contained a W-9 - Request for Taxpayer Identification Number and Certification, which is to be completed by vendors and independent contractors. Employees complete W-4 - Employee's Withholding Certificate. Neither form belongs in a personnel file.

One personnel file contained no position title or anything to indicate the position the employee holds/held.

Recommendations

The charter school should:

1. Create individual personnel files for each employee.
2. Ensure that each employee file includes the following:
 - Completed personnel file checklist.
 - Log of individuals accessing the file with dates.
 - Employment application and resume.
 - Offer letter/signed employment agreement (including salary, position title, and start date).
 - Signed job description (match above).
 - Emergency contact information.
 - Proof of credential verification.
 - TB test clearance.
 - Proof of required background check and clearance.

- Proof of required annual trainings (mandated reporter, sexual harassment prevention, etc.).
 - Signed employee handbook acknowledgment (with new signatures obtained when revised).
 - Signed annual performance evaluations.
 - Disciplinary records (if applicable).
 - Leave of absence documentation (if applicable).
 - Separation/exit interview documentation (when applicable).
3. Create a separate file for employment eligibility information. If copies of documents proving eligibility are kept, they should be kept for all employees.
 4. Create a separate payroll file for each employee that contains withholding certificates, health and welfare forms (if applicable), and direct deposit authorization (if applicable).

Leave Management

Explore Academy provides two types of paid leave to its employees: paid sick leave and paid time off (PTO). The employee handbook includes the accrual and limits of leaves for employees.

According to the employee handbook, paid sick leave is accrued based on the employee's role and accrual calendar, with a minimum accrual of one hour for every 30 hours worked. Leave accrual is capped for part-time, temporary and substitute employees. Accrued sick leave carries over from year to year and is not paid out upon separation from employment. Documents submitted by Explore Academy indicate that payouts for sick leave were made at the end of the 2024-25 fiscal year despite the employee handbook stating otherwise. The charter has authority to determine its own practice, but it should align with any policies, employment contracts and the employee handbook.

Paid time off is also accrued based on the employee's role and accrual calendar. Unlike paid sick leave, there is no provision in the handbook for PTO for temporary or substitute employees. While the handbook does not expressly state that PTO is paid out upon separation from employment, documentation provided by Explore Academy clearly shows payments for PTO to numerous employees throughout the year, with most occurring at the end of the 2024-25 fiscal year.

Recommendations

The charter school should:

1. Align the employee handbook and its practice for paying out sick leave.
2. Clarify the payout policy for PTO in its employee handbook.

Appendices

Appendix A – Study Agreement



FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

**FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
STUDY AGREEMENT
FOR MANAGEMENT ASSISTANCE**

This study agreement, hereinafter referred to as Agreement, is made and entered into by and between the Fiscal Crisis and Management Assistance Team, hereinafter referred to as the Team or FCMAT, and the Orange County Department of Education, hereinafter referred to as the Client; collectively, FCMAT and Client are hereinafter referred to as the Parties. This Agreement shall become effective from the date of execution hereof by FCMAT.

1. BASIS OF AGREEMENT

FCMAT provides a variety of services to local education agencies (LEAs) as authorized by Education Code (EC) 42127.8(d). The Client has requested that the FCMAT assign professionals to study specific aspects of the Client's operations. The professionals will include FCMAT staff and may include professionals from county offices of education, school districts, charter schools, community colleges, other public agencies or private contractors. All professionals assigned shall work under the direction of FCMAT. All work shall be performed in accordance with the terms and conditions of this Agreement.

FCMAT will notify the Client's county superintendent of schools of this Agreement.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

1. The Client has requested that FCMAT review the Explore Academy's 2025-26 adopted general fund budget and use it as a baseline to develop an independent multiyear financial projection (MYFP) for the current and two subsequent fiscal years. The MYFP will be a snapshot in time of the charter school's financial status. Make recommendations for expenditure reductions and/or revenue increases to help the charter school eliminate its structural budget deficit, if any.
2. Review the charter school's operational processes and procedures in the Business Services Department and make recommendations for improved efficiency, if any, in the following areas:
 - Budget development.
 - Budget monitoring.
 - Position control.
 - Payroll.
 - Accounts payable.
 - Accounts receivable.
 - Contracted services.

-
3. Review the charter school's operational processes and procedures in the Human Resources Department and make recommendations for improved efficiency, if any. The review will include, but may not be limited to:
 - Hiring, onboarding and exit interviews.
 - Evaluations.
 - Training and cross-training.
 - Personnel file management.
 - Leave management.
 4. The team will present the final report to the charter school's governing board at a public meeting following the completion of the review.

B. Services and Products to be Provided

1. Orientation Meeting

The Team will conduct an orientation session at the Client's location to brief the Client's management and supervisory personnel on the Team's procedures and the purpose and schedule of the study. This orientation meeting is normally held at the beginning of fieldwork for the study.

2. Fieldwork

The Team will conduct fieldwork at the Client's office and/or school site(s), or other locations as needed. Limited fieldwork may also be conducted remotely via telephone or videoconferencing services, in addition to the Public Safety Considerations outlined in Section 13 below.

3. Exit Meeting

The Team will hold an exit meeting at the conclusion of the fieldwork to inform the Client of the status of the study. The exit meeting will include a review of the scope of work; outstanding items, including documents, data and interviews not yet received or held; and the estimated timeline for a draft report. The meeting will not memorialize details regarding findings because the Team's conclusions may change after a complete analysis is finished. Exceptions to this will be findings of immediate health and safety concerns for students or staff, and other time-sensitive items that include the potential for risk or exposure to loss.

4. Exit Letter

Approximately 10 business days after the exit meeting, the Team will issue an exit letter briefly memorializing the topics discussed in the exit meeting.

5. Draft Report

An electronic copy of a preliminary draft report will be delivered to the Client's point of contact identified below for review and comment.

6. Final Report

An electronic copy of the final report will be delivered to the Client's point of contact and to the Client's county superintendent of schools following completion of the study. FCMAT's work products are public and all final reports are published on the FCMAT website.

7. Board Presentation

Presentations to the Client's board are optional and are made at the request of the Client. If a board presentation is requested, it will be noted in the scope and objectives of the study or can be added as a change in scope at a later date.

8. Follow-Up Review

If requested by the Client within six to 12 months after completion of the study, FCMAT, at no additional cost, will assess the Client's progress in implementing the recommendations included in the report. This follow-up support is primarily a document review-based study. Progress in implementing the recommendations will be documented to the Client in a FCMAT management letter. FCMAT will work with the Client on a mutually convenient time to return for follow-up support that is no sooner than eight months and no later than 18 months after the date of the final report.

3. PROJECT PERSONNEL

The personnel assigned to the study will be led by a FCMAT staff person (job lead) and will include at least one other professional. FCMAT will notify the Client of the assigned personnel when the fully executed copy of this Agreement is returned to the Client.

FCMAT will communicate to the Client any changes in assigned project personnel.

4. PROJECT COSTS

The cost for studies requested pursuant to EC 42127.8(d)(1) and 84041 shall be as follows:

- A. \$1,200 per day for each FCMAT staff member while on site conducting fieldwork. The cost of independent FCMAT consultants will be billed at their daily rate for all work performed. On-site is defined as either 1) physically at the Client's office or school site(s), or 2) in a scheduled virtual meeting with the Client's personnel, representatives or others associated with the scope of work pursuant to Section 13 below.
- B. All out-of-pocket expenses, including travel and its associated costs, and miscellaneous items necessary to complete the scope and objectives of the study.
- C. The applicable indirect rate at the time work is performed on the study will be added to all costs billed.
- D. The Client will be invoiced for 50% of the not-to-exceed cost shown below following completion of fieldwork (progress payment) and the remaining amount shall be due upon the issuance of the final report or presentation to the Client's board, whichever is later (final payment). The Parties agree that changes documented in a revised study agreement

may change the original not-to-exceed amount shown below. If changes are made before or during fieldwork, the new not-to-exceed amount documented in such a revised study agreement will constitute the basis for the progress payment. If changes are made after fieldwork, 100% of the total changed value documented in a revised study agreement, less progress payments made, will constitute the final payment due. All payments shall be due immediately based on the terms of the invoice.

Based on the scope and objectives of the study, the total not-to-exceed cost of the study will be \$32,000.

- E. Any change to the scope of work will affect the total cost. Changes may include, but are not limited to, delays, revisions to the scope of services, and substitution or addition of personnel. The need for changes shall be communicated by FCMAT to the Client in advance in the form of a revised study agreement.

Payments for FCMAT's services are payable to Kern County Superintendent of Schools, Administrative Agent, 1300 17th St., City Centre, Bakersfield, CA 93301.

5. RESPONSIBILITIES OF THE CLIENT

- A. Return current organizational chart(s) that show the Client's management and staffing structure with the signed copy of this Agreement. Organizational charts should be relevant to the scope of this Agreement.
- B. Provide private office or conference room space for the Team's use during fieldwork.
- C. Provide for a Client employee to upload all requested documents and data to FCMAT's online SharePoint repository per FCMAT's instructions. Provide FCMAT with the name and email of the person who will be responsible for collecting and uploading documents requested by FCMAT with the signed copy of this Agreement.
- D. Provide documents and data requested on the Team's initial and supplementary document request list(s) by the date requested.

All documents and data provided shall be responsive to FCMAT's request, in quality condition, readable and in a usable form. With few exceptions, documents and data requested are public records and records maintained by LEAs in the routine course of doing business. Some data requested may require exporting LEA financial system reports to Microsoft Excel or another usable format agreed to by FCMAT.

All documents shall be provided to FCMAT in electronic format, labeled as instructed by FCMAT. Upon approval of this Agreement, access will be provided to FCMAT's online SharePoint repository, to which the Client will upload all requested documents and data.

- E. Ensure appropriate senior-level staff are available for the orientation and exit meetings.
- F. Facilitate access to requested board members, officers and staff for interviews.
- G. Facilitate access to requested information and facilities to include, but not be limited to, files, sites, classrooms and operational areas for observation.

H. Review a draft of the report and return it to FCMAT by the date FCMAT requests with any comments regarding the accuracy of the report’s data or the practicability of its recommendations. The Team will review this feedback in a timely manner and make any adjustments it deems necessary before issuing the final report.

I. Return the requested evaluation survey to FCMAT as described below.

6. PROJECT SCHEDULE

Time is of the essence. The Parties acknowledge that the goal of the scope and objectives of the study under this Agreement is to produce a timely and thorough report that adds value for the Client. To accomplish this goal, the Parties agree to communicate and mutually agree to honor established time commitments. These commitments include the Client providing requested documents, setting and keeping interview appointments and returning comments on the draft report consistent with the established project schedule.

The following project schedule milestones will be established by FCMAT upon receipt of a signed Agreement from the Client:

ACTION	TIMELINE
FCMAT provides the Client with a draft Agreement.	Draft Agreements are usually provided within 20 business days of the Client’s initial request for services.
Client returns partially executed Agreement to FCMAT along with the applicable organizational chart and the name and email of the of person who will be responsible for collecting and uploading documents requested by FCMAT.	Draft Agreements are valid for 30 business days.
FCMAT returns a fully executed Agreement to the Client and identifies the project schedule and the lead and other personnel assigned to the job.	Within five business days of the Client’s return of the signed Agreement.
Client uploads initial requested documents and data to FCMAT’s online SharePoint repository.	Within 10 business days of the Client’s receipt of the FCMAT document and data request list.
Fieldwork	Mutually agreed upon; usually, to commence within 10 business days of FCMAT’s receipt of requested documents and data.
Orientation meeting	First day of fieldwork.
Exit meeting	Last day of fieldwork.
Follow up fieldwork, if needed (e.g., rescheduled interview, additional interviews).	Mutually agreed upon; usually, within five business days of FCMAT’s request.

ACTION	TIMELINE
Client uploads supplemental documents and data to FCMAT's online SharePoint repository.	Within two business days of the Client's receipt of FCMAT's supplemental document and data request(s).
Draft report submitted to the Client.	To be determined, usually, within eight weeks of the conclusion of fieldwork and receipt of all documents and data requested.
Client comments on draft report	Within 10 business days of FCMAT providing a draft report to the Client.

The Client acknowledges that project schedule deadlines build upon and are contingent on each previous deadline. Missed deadline dates will affect future deadline dates and ultimately the timing of the final report. For example, if the Client does not provide requested documents and data by the specified date, the fieldwork may not be able to proceed as originally planned.

FCMAT acknowledges that the Client has an educational program to administer, is balancing many priorities, and in some cases may have records management difficulties, staffing capacity issues, staff on various types of leave, or other circumstances, all of which will affect the project schedule.

The Parties commit to regular communication and updates about the study schedule and work progress. FCMAT may modify the usual timelines as needed.

7. COMMENCEMENT, TERMINATION AND COMPLETION OF WORK

FCMAT will commence work as soon as it has assembled an available and appropriate study team, taking into consideration other jobs FCMAT has previously undertaken, assignments from the state, and higher priority assignments due to fiscal distress. The Team will work expeditiously to complete its work and deliver its report, subject to the cooperation of the Client and any other related parties from which, in the Team's judgment, it must obtain information. Once the Team has completed its fieldwork, it will proceed to prepare a report. In the absence of extraordinary circumstances, FCMAT will not withhold preparation, publication and distribution of a final report once fieldwork has been completed.

Prior to completion of fieldwork and upon written notice to FCMAT, the Client may terminate its request for service and will be responsible for all costs incurred by FCMAT to the date of termination under Section 4 (Project Costs). If the Client does not provide written notice of termination prior to completion of fieldwork, the Team will complete its work and deliver its final report and the Client will be responsible for the full costs.

FCMAT may terminate this Agreement at any time if the Client fails to cooperate with the requested project schedule, provide requested documents and data and/or make staff available for interviews as requested by FCMAT.

8. INDEPENDENT CONTRACTOR

FCMAT is an independent contractor and is not an employee or engaged in any manner with the Client. The manner in which FCMAT's services are rendered shall be within its sole control and discretion. FCMAT representatives are not authorized to speak for, represent, or obligate the Client in any manner without prior express written authorization from an officer of the Client.

9. RECORDS

The Client understands and agrees that FCMAT is a state agency and all FCMAT reports are public records and are published on the [FCMAT website](#). Supporting documents and data in FCMAT's possession may also be public records and will be made available in accordance with the provisions of the California Public Records Act.

FCMAT has a records retention policy and practice, and every effort will be made to maintain records related to this Agreement in accordance with this policy.

10. CONTACT WITH PUPILS

Pursuant to EC 45125.1, representatives of FCMAT will have limited contact with pupils. The Client shall take appropriate steps to comply with EC 45125.1.

11. INSURANCE

During the term of this Agreement, FCMAT shall maintain liability insurance of not less than \$1 million unless otherwise agreed upon in writing by the Client, automobile liability insurance in the amount required by California state law, and workers' compensation as required by California state law. Upon the request of the Client and receipt of the signed Agreement, FCMAT shall provide certificates of insurance, with the Client named as additional insured, indicating applicable insurance coverages.

12. HOLD HARMLESS

FCMAT shall hold the Client, its board, officers, agents, and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of FCMAT's board, officers, agents and employees undertaken under this Agreement. Conversely, the Client shall hold FCMAT, its board, officers, agents, and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of the Client's board, officers, agents and employees undertaken under this Agreement.

13. PUBLIC SAFETY CONSIDERATIONS

Whether due to public health considerations, extreme weather conditions, road closures, other travel restrictions or interruptions, shelter-at-home orders, LEA closures or other related considerations, at FCMAT's sole discretion, the Scope of Work, Project Costs, Responsibilities of the Client, and Project Schedule (Sections 2, 4, 5 and 6 herein) and other provisions herein may be revised. Examples of such revisions may include, but not be limited to, the following:

-
- A. Orientation and exit meetings, interviews and other information-gathering activities may be conducted remotely via telephone, videoconferencing, or other means. References to fieldwork shall be interpreted appropriately given the circumstances.
 - B. Activities performed remotely that are normally performed in the field shall be billed hourly as if performed in the field (excluding out-of-pocket costs that can otherwise be avoided).
 - C. The Client may be relieved of its duty to provide conference and other work area facilities for the Team.

14. FORCE MAJEURE

Neither party will be liable for any failure or delay in the performance of this Agreement due to causes beyond the reasonable control of the party, except for payment obligations by the Client.

15. EVALUATION

In the interest of continuous improvement, FCMAT will provide the Client with an evaluation survey at the conclusion of the services. FCMAT appreciates the Client's honest assessment of the Team's services and process. The Client shall return the evaluation survey within 10 business days of receipt.

16. CLIENT CONTACT PERSON

The Client's contact person designated below shall be the primary contact person for FCMAT to use in communicating with the Client on matters related to this Agreement. At any time when this Agreement or FCMAT's process requires that FCMAT send information, document request lists, draft report or final report, or when FCMAT makes other requests for the Client to act upon, this is the person whom FCMAT will contact. The Client may change the contact person upon written notice to FCMAT's job lead assigned to the study.

Name: Renee Hendrick, Deputy Superintendent, Operations
Telephone: (714) 966-4061
Email: rhendrick@ocde.us

17. SIGNATURES

Each individual executing this Agreement on behalf of a party hereto represents and warrants that he or she is duly authorized by all necessary and appropriate action to execute this Agreement on behalf of such party and does so with full legal authority.

For Client:



Stefan Bean, Ed.D., Superintendent
Orange County Department of Education

6/5/25
Date

For FCMAT:

Michael H. Fine Digitally signed by Michael H. Fine
Date: 2025.06.10 08:37:46 -07'00'

Michael H. Fine,
Chief Executive Officer
Fiscal Crisis and Management Assistance Team

Date

EXHIBIT E

CHARTER IMPACT

CONFIRMATION REGARDING REDUCTION IN PCSGP GRANT

JANUARY 7, 2026

From: [Prasanth Mudumby](#)
To: [Anna L. Day](#); [Cecilia Iglesias](#)
Cc: [Aracely Chastain](#)
Subject: Re: Explore 1st Interim Questions
Date: Wednesday, January 7, 2026 2:45:33 PM
Attachments: [PCSGP OER Template - Charter Schools \(CA Dept of Education\) - signed 12.22.pdf](#)

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Good Afternoon Anna,

Our October financials and 1st Interim included a PCSGP cash projection of \$276,000 based on a reimbursement request we had submitted at that time for approximately \$290,000 (the remaining budget from the previous administration). We projected slightly lower to account for any items that might be disallowed.

Since then, based on feedback and detailed review with the PCSGP team, we revised our submission. Our final submission, made on 12/23 and reflected in our updated November cash flow, is for \$186,981.07. Attached is a copy of the updated invoice.

Please let me know if this suffices or if you would like a copy of the original (now voided) invoice submission as well. Happy to get on a call to discuss at your convenience.

Best regards,
Prasanth

Prasanth Mudumby
Director of Client Finance

Charter Impact
8500 Balboa Blvd., Suite 140
Northridge, CA 91325
Office: (888) 474-0322 Ext. 404
Direct/Fax: (323) 622-1391
www.charterimpact.com

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From: Anna L. Day <aday@ocde.us>
Sent: Tuesday, January 6, 2026 3:36 PM
To: Prasanth Mudumby <pmudumby@charterimpact.com>; Cecilia Iglesias <ciglesias@explorepublicschools.org>
Cc: Aracely Chastain <AChastain@ocde.us>
Subject: RE: Explore 1st Interim Questions

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clicking on links or opening attachments.

Hello,

I did not receive a response to my question below. Please provide the documentation that you submitted to PCSGP for the expense reimbursement totaling approximately \$276,000.

Thank you,

Anna Day
Administrator, Charter Schools Fiscal Oversight
Orange County Department of Education
714-966-4387

From: Anna L. Day
Sent: Monday, December 15, 2025 5:25 PM
To: Prasanth Mudumby <pmudumby@charterimpact.com>; Cecilia Iglesias <ciglesias@explorepublicschools.org>
Cc: Aracely Chastain <ACHastain@ocde.us>
Subject: RE: Explore 1st Interim Questions

Hi Prasanth,

Actuals through October 31, 2025, show Accounts Receivable totaling \$133,337. Can you provide backup documentation supporting the expenditure reimbursement for PCSGP?

Thank you,

Anna Day
Administrator, Charter Schools Fiscal Oversight
Orange County Department of Education
714-966-4387

From: Prasanth Mudumby <pmudumby@charterimpact.com>
Sent: Monday, December 15, 2025 5:18 PM
To: Anna L. Day <aday@ocde.us>; Cecilia Iglesias <ciglesias@explorepublicschools.org>
Cc: Aracely Chastain <ACHastain@ocde.us>
Subject: Re: Explore 1st Interim Questions

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Hi Anna,

Absolutely. In the cash flow model, the \$367,816 projected for January 2026 reflects the receipt of several receivables. The most material item is the final PCSGP payment of approximately \$276K, along with receipts from other state funds (CEI Marin Schools) + child nutrition reimbursements,

and SPED receivables.

Please let me know if you'd like additional information.

Best,
Prasanth

Prasanth Mudumby

Director of Client Finance

Charter Impact

8500 Balboa Blvd., Suite 140

Northridge, CA 91325

Office: (888) 474-0322 Ext. 404

Direct/Fax: (323) 622-1391

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From: Anna L. Day <aday@ocde.us>

Sent: Monday, December 15, 2025 4:25 PM

To: Prasanth Mudumby <pmudumby@charterimpact.com>; Cecilia Iglesias <ciglesias@explorepublicschools.org>

Cc: Aracely Chastain <AChastain@ocde.us>

Subject: RE: Explore 1st Interim Questions

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Hi Prasanth,

Please explain the \$367,816 projected to be received in January 2026 in the cash flows (balance sheet section).

Thank you,

From: Prasanth Mudumby <pmudumby@charterimpact.com>

Sent: Monday, December 15, 2025 4:18 PM

To: Anna L. Day <aday@ocde.us>; Cecilia Iglesias <ciglesias@explorepublicschools.org>
Cc: Aracely Chastain <AChastain@ocde.us>
Subject: Re: Explore 1st Interim Questions

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Hi Anna,

Please see attached. Apologies, I had sent you a draft version earlier. Attached is the version that was approved by the board on 12/09, with the change to the cash flows tab as discussed on the phone earlier.

Please do reach out if you need anything else.

Best, Prasanth

Prasanth Mudumby

Director of Client Finance

Charter Impact

8500 Balboa Blvd., Suite 140

Northridge, CA 91325

Office: (888) 474-0322 Ext. 404

Direct/Fax: (323) 622-1391

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From: Anna L. Day <aday@ocde.us>

Sent: Monday, December 15, 2025 3:24 PM

To: Prasanth Mudumby <pmudumby@charterimpact.com>; Cecilia Iglesias <ciglesias@explorepublicschools.org>

Cc: Aracely Chastain <AChastain@ocde.us>

Subject: RE: Explore 1st Interim Questions

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Also, the updated 1st interim report is based on lower enrollment for 2026-27 and 2027-28. Is this correct? Is this the updated interim report that the governing board will review and ratify?

Thank you,

Anna Day

Administrator, Charter Schools Fiscal Oversight

Orange County Department of Education

714-966-4387

From: Anna L. Day

Sent: Monday, December 15, 2025 3:19 PM

To: 'Prasanth Mudumby' <pmudumby@charterimpact.com>; Cecilia Iglesias <ciglesias@explorepublicschools.org>

Cc: Aracely Chastain <AChastain@ocde.us>

Subject: RE: Explore 1st Interim Questions

Hi Prasanth,

Can you also provide the detail of the \$367,816 projected to be received in January 2026 in the cash flows?

Thank you,

Anna Day

Administrator, Charter Schools Fiscal Oversight

Orange County Department of Education

714-966-4387

From: Prasanth Mudumby <pmudumby@charterimpact.com>
Sent: Monday, December 15, 2025 3:09 PM
To: Anna L. Day <aday@ocde.us>; Cecilia Iglesias <ciglesias@explorepublicschools.org>
Cc: Aracely Chastain <AChastain@ocde.us>
Subject: Re: Explore 1st Interim Questions

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Hi Anna,

Thanks for your call. As discussed, the Other State Revenue of \$70,000 in the budget represents a 25-26 Community Engagement Initiative grant for a peer leading and learning network from Marin County Office of Education.

Other Local Revenue relates to a fundraising target from local sources the school has set.

Regarding the cash flows, thank you for highlighting your question. Please see the updated version attached. Please give me a call when you're available to talk through the cash flows.

Thank you,

Prasanth

Prasanth Mudumby

Director of Client Finance

Charter Impact

8500 Balboa Blvd., Suite 140

Northridge, CA 91325

Office: (888) 474-0322 Ext. 404

Direct/Fax: (323) 622-1391

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From: Anna L. Day <aday@ocde.us>
Sent: Monday, December 15, 2025 12:22 PM
To: Cecilia Iglesias <ciglesias@explorepublicschools.org>
Cc: Prasanth Mudumby <pmudumby@charterimpact.com>; Aracely Chastain <AChastain@ocde.us>
Subject: Explore 1st Interim Questions

CAUTION: This message originated from an external domain, please use caution when clicking on links or opening attachments.

Good afternoon,

Please provide an explanation for the amounts listed under 'Other State Revenues' and 'Local Revenue' in the budget, as well as the \$367,816 projected to be received in January 2026 in the cash flows.

Please provide a response as soon as possible.

Thank you,

Anna Day

Administrator, Charter Schools Fiscal Oversight

Orange County Department of Education

714-966-4387

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EXHIBIT B

**EXPLORE'S WRITTEN RESPONSE TO NOTICE OF VIOLATION
("NOV RESPONSE")**

From: Cecilia Iglesias <ciglesias@explorepublicschools.org>
Date: May 15, 2026 at 5:02:19 PM PDT
To: Darou Sisavath <DSisavath@ocde.us>, Lloyd Boucher-Reyes <lboucher@explorepublicschools.org>, Salvador Tinajero <sal@adcominc.us>
Cc: Renee Hendrick <RHendrick@ocde.us>
Subject: Re: Notice of Violation - Explore Academy Charter School
Attachments: [Final Response letter to OCDE Notice of Violation.pdf](#)
[Celebration Education Contract.pdf Master Agreement for IA Subs.pdf Angie Cano Employee Contract.pdf](#)
[Notice of Violation back up documents.pdf Fiscal Recovery Plan.docx](#)
[FY25-26 Cash Flows Explore Academy thru 31March2026 \(2\).xlsx](#)
[Explore Academy Forecast March Financial Package 23April2026 \(3\).pdf](#)

Good afternoon Darou,

Thank you for allowing us an opportunity to cure the Remedial Actions recommended by OCBE and OCDE in the letter dated February 4, 2026.

Attached you will find the response letter approved by the Explore Academy Board. I am also including all documentation requested. Please

advise if additional information is needed.

Again thank you for your guidance, support and for the opportunity to continue serving the Explore Academy families.

Cecilia Iglesias
Explore Academy- Executive Director 2190
North Canal St.
Orange, CA 92865
(949) 994-8084

This communication is confidential and may be legally privileged. If you are not the intended recipient, (i) please do not read or disclose to others, (ii) please notify the sender by reply mail, and (iii) please delete this communication from your system. Failure to follow this process may be unlawful. Thank you for your cooperation.

On Wed, Feb 4, 2026 at 10:04 AM Darou Sisavath <DSisavath@ocde.us> wrote:

The attached notice is being sent on behalf of Renee Hendrick, Deputy Superintendent.

Regards,

Darou Sisavath
Senior Executive Assistant
Superintendent's Office
Orange County Department of Education
Phone: (714) 966-4012 Email: dsisavath@ocde.us

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--



Marilia Balas- Board Member

Lloyd Boucher-Reyes- Board President

David Pan- Board Member

Sal Tinajero- Board Chair

Sent Via Electronic Mail: May 15, 2026

To: Orange County Board of Education

Re: February 04, 2026 Notice of Violation and Opportunity to Cure

Date: May 14, 2026

Honorable Members of the Orange County Board of Education;

Thank you for giving us an opportunity to cure the concerns stated in the Notice of Violation letter dated February 04, 2026. Below is the response and clarification of the 8 requested remedial actions.

REMEDIAL ACTION 1: Explore shall demonstrate confirmed student enrollment (not projected) of no fewer than 105 students for the 2026–27 school year as of May 15, 2026, verified by contemporaneous enrollment records acceptable to OCDE.

Explore Academy has registered 105 students for SY2026-27. Parents have completed the applications, and information has been entered in PowerSchool for SY2026-27. In the summer we will ensure all documents have been received and filed in the student's cumulative files folder and CUMM requests will be sent to the student's current school of record. The recruitment team will continue to recruit until the first day of class (August 19, 2026) to enroll more students. We want to ensure Explore Academy meets the 105-student enrollment that was Board approved and reflected on the SY2025-2026 Interim Budget. Below is a breakdown of the SY2026-2027 and SY2027-2028 enrollment projections:

SY2025-2026		SY2026-2027		SY2027-2028	
TK	11	TK	11	TK	10
K	10	K	14	K	15
1st	12	1st	14	1st	15
2nd	15	2nd	12	2nd	15
3rd	5	3rd	17	3rd	18
4th	8	4th	7	4th	15
5 th	11	5th	9	5th	10
6 th	5	6th	12	6th	14
7th	3	7th	6	7th	12
8 th	0	8th	4	8th	8
Total	80	Total	105	Total	132

REMEDIAL ACTION 2: Explore shall submit a board-approved Enrollment Stabilization Plan supported by objective data. The Enrollment Stabilization Plan shall include a. Current enrollment by grade level, b. Documented recruitment and retention strategies that have already been implemented, and c. evidence-based enrollment projections for the current fiscal year and the subsequent two fiscal years, grounded in verified enrollment data. Fiscal Stabilization and Recovery: To cure violations related to fiscal mismanagement and structural deficit spending, Explore shall adopt and implement a Fiscal Stabilization and Recovery Plan that demonstrates a credible and sustainable path to long-term fiscal solvency.

- **Remedial action taken:** See the approved Enrollment Stabilization Plan and Fiscal Stabilization and Recovery Plan attached. Explore Recruitment and Enrollment Team has diligently been recruiting and providing families campus tours. Explore Academy Office Manager will request the CUMM files in the summer from the student's current school. We will provide 2 family nights and one Family Picnic in the summer to provide new students and families with an opportunity to get to know the school staff and families.

REMEDIAL ACTION 3: Explore shall adopt and implement a board-approved Fiscal Stabilization and Recovery Plan demonstrating a credible and sustainable path to fiscal solvency. The Fiscal Stabilization and Recovery Plan shall: a. Eliminate ongoing structural deficits within a defined and reasonable timeframe. b. Restore a positive unrestricted fund balance and meet minimum recommended reserve levels. c. Be supported by revised multi-year financial projections based on verified enrollment data. d. Identify specific expenditure reductions, staffing adjustments, and operational changes that have been

implemented or will be implemented immediately upon board approval. e. Demonstrate fiscal solvency without reliance on speculative revenue sources, unsupported enrollment growth, or additional borrowing. C. Cash Flow Solvency and Liquidity Controls To cure violations related to cash management and liquidity risk, Explore shall demonstrate the ability to maintain sufficient cash flow to meet ongoing financial obligations.

- **Remedial action taken:** See the approved Enrollment Stabilization Plan and Fiscal Stabilization and Recovery Plan attached. See the projected cash flow attached reflecting actuals through March 2026.

REMEDIAL ACTION 4: Explore shall submit monthly cash flow projections for the remainder of the current fiscal year and the subsequent fiscal year, based on verified revenues and expenditures. Cashflow projections must demonstrate a. Ability to maintain positive cash balances sufficient to meet payroll, debt service, and vendor obligations. Page 14 of 15 Notice of Violation b. Explore can meet debt service obligations without impairing instructional operations.

- **Remedial action taken:** See the projected cash flow attached reflecting actuals through March 2026 submitted to OCDE by the 20th of each month.

REMEDIAL ACTION 5: Explore shall adopt board-approved fiscal policies governing purchasing, cash management, and contract approval. a. Explore shall implement and enforce a purchase order and expenditure approval system that prevents expenditures in excess of budgeted or available cash. b. Explore shall implement a position control system aligned with verified enrollment and board-adopted staffing ratios. c. Explore shall provide evidence that internal fiscal controls are operational and actively enforced.

- **Remedial action taken:** See applicable policies and procedures along with the Fiscal Stabilization and Recovery Plan attached.

REMEDIAL ACTION 6: Explore shall provide fully executed contracts from January 2026 to May 2026 for all fiscal, operational, and instructional service providers.

- **Remedial action taken:** See the fully executed contracts from January 2026 to May 2026 to include all fiscal, operational, and instructional service providers.

REMEDIAL ACTION 7: Explore shall wholly and promptly respond to all lawful requests by OCDE, including all outstanding past-due documents previously requested by OCDE. E. Board Approval and Certification of Remedial Action

- **Remedial action taken:** Explore has responded to all lawful requests by OCDE, including all outstanding past-due documents previously requested by OCDE. The

documents have been uploaded to Reportwell and emailed to OCDE Fiscal Oversight Team and the Charter Schools Unit Coordinator. This response has been approved board on **05/14/2026** at a Special Board Meeting held at **06:00 PM** with the following attendees:

- o **Board Member Marilia Balas**
- o **Board Member Lloyd Boucher-Reyes**
- o **Board Member David Pan**

REMEDIAL ACTION 8: Explore's response to this Notice must be approved by its governing board at a duly noticed public meeting and must include a board resolution certifying the accuracy and completeness of all submitted information. The response must be supported by documentation demonstrating that remedial actions have been implemented, rather than merely proposed or planned.

- **Remedial action taken:** This response has been board approved on **05/14/2026** at a Special Board Meeting held at **06:00 PM** with the following attendees:
 - o **Board Member Marilia Balas**
 - o **Board Member Lloyd Boucher-Reyes**
 - o **Board Member David Pan**

Explore Academy Board considers the actions taken and the information provided in this response to have addressed the concerns raised in your Notice of Violation. We remain committed to transparent communication and fiscal responsibility.

Thank you for your continued guidance and oversight as we work to position Explore Academy for long-term success.

Should you require any additional information or clarification, please do not hesitate to contact Executive Director Cecilia Iglesias at ciglesias@explorepublicschools.org 949-994-8084.

In Partnership,



Sal Tinajero Explore Academy Board Chair



Lloyd Boucher-Reyes, Board President

EXPLORE ACADEMY SCHOOL
California Public Charter School #19
A California Non-profit Public Benefit Corporation

**RESOLUTION OF THE BOARD OF EXPLORE ACADEMY
TO CERTIFY ACCURACY AND TO CURE OCBE/OCDE NOTICE OF VIOLATION LETTER**

WHEREAS, the Board of EXPLORE ACADEMY certifies the accuracy and completeness of all submitted information to the response to OCBE/OCDE Notice of Violation letter dated February 4, 2026.

WHEREAS, EXPLORE ACADEMY remains committed to transparent communication and fiscal responsibility.

NOW THEREFORE BE IT RESOLVED that the Board of EXPLORE ACADEMY has PASSED AND ADOPTED this resolution on May 14, 2026, at a duly noticed Special Board Meeting held at 2190 N. Canal Street, Orange CA 92865 at 06:00 PM with the following attendees and votes:

Board Member Marilia Balas -

Board Member Lloyd Boucher-Reyes-

Board Member David Pan-

Board Member Sal Tinajero- Absent



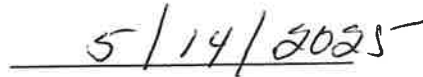
Lloyd Boucher-Reyes
President, Governing Board



Date



Marilia Balas
Secretary, Governing Board



Date

Explore Academy: Fiscal Recovery Plan

Adopted 11/19/2025

1. Purpose of the Fiscal Recovery Plan

The purpose of this Fiscal Recovery Plan is to outline the steps Explore Academy has taken and will take to restore fiscal solvency, rebuild reserves, and ensure the long-term financial stability of the school.

2. Fiscal Recovery Goals

Explore Academy has identified the following fiscal recovery goals to stabilize operations, rebuild reserves, and ensure long-term financial sustainability:

Immediate Priority

- Explore Academy has experienced a material reduction in Revenue in FY 25-26. The immediate aim is to achieve a budget surplus beginning FY 2025–26, despite these challenges. Through significant expense reductions and strengthened financial controls.

Enrollment & Attendance Goals

- Increase Average Daily Attendance (ADA) from 93% to 95% within 12 months through improved attendance communication, parent outreach, and consistent monitoring.
- Strengthen community engagement and targeted recruitment efforts to increase enrollment in future years.

Operational & Internal Control Goals

- Strengthen internal controls within six months by adopting updated fiscal policies and procedures, improving segregation of duties, and providing comprehensive staff training.
- Ensure accurate and timely financial reporting, while maintaining full compliance with authorizer requirements, CDE regulations, and state/federal funding guidelines.

Create & Build Surplus

- Through the achievement of the goals above and disciplined fiscal management, the school intends to generate growing annual surpluses, with a targeted fund balance of 5% by the end of FY 2028–29.

3. Current Financial Condition

Explore Academy has conducted a review of its current financial position to clearly identify the factors contributing to fiscal distress. Key findings include:

Prior-Year Deficit

- The school ended FY 2024–25 with a significant deficit of **(\$832,000)**.
- The final audited ending fund balance for FY 2025-26 is **(\$767,271)** confirmed by the external auditor.

Decline in Enrollment & Revenue

- Enrollment declined significantly at the start of FY 2025–26, reducing LCFF revenue and state aid.
- Lower ADA further reduced per-pupil funding.

Cost Structure Misaligned with Enrollment

- Rapidly dropping enrollment required the school to act quickly to significantly reduce expenses.

4. Corrective Actions & Implementation Plan

Explore Academy has initiated and planned several corrective actions to restore fiscal health, stabilize operations, and ensure long-term sustainability. These actions fall into three key categories: revenue strategies, expenditure reductions, and strengthened internal controls.

4.1 Revenue Strategies

ADA Recovery Programs

- The school's goal for FY 2026–27 is to improve ADA performance, as ADA directly impacts LCFF revenue.
- Explore Academy will focus on consistent attendance outreach, early intervention for chronic absenteeism, and clear communication with families.

Enrollment Marketing

- The school plans to invest heavily in targeted enrollment marketing to rebuild enrollment and reach sustainable economies of scale.

- Strategies include increased community outreach (attending soccer games and church events), digital marketing, visibility events, and strengthening relationships with communities.

Independent Study Tracking & Offerings

- Explore Academy will explore improved Independent Study tracking systems and evaluate IS offerings
- Accurate tracking and compliant processes will help ensure the school receives full ADA for eligible IS students.

4.2 Expenditure Reductions

Staffing Adjustments

- The school has made significant staffing reductions and restructuring.
- Instructional staffing positions were reduced to five teachers from a previous 7; the full-time office manager position is now a part-time role; and multiple instructional aide positions have been reduced from full-time to part-time roles. Additionally, Staff pay levels have been reduced due to budgetary concerns for SY2025-26.
- These changes result in a projected \$405,000 savings in FY 2025–26.
- For SY2026-27 we will have a ratio of TK 1:10 and K-8 1:24. If TK teacher has more than 10 students, we will provide a Teacher’s Aide. If K-8 has more than 24 students, we will provide an instructional assistant.

Contract Reviews & Non-Personnel Reductions

- The school is reviewing all major service contracts to assess cost-saving opportunities.
- Several reductions have already been made in non-personnel expenditures, and the school will continue to evaluate and implement additional efficiencies where possible.
- These changes have resulted in a projected \$110,000 savings in FY 2025-26

4.3 Strengthening Internal Controls

Monthly Budget Monitoring

- Executive Director and Back Office Fiscal representative meets weekly to review the monthly budget-to-actual reviews to ensure timely identification of variances and enable mid-year corrective actions. Explore Academy and Back-office provider meets weekly to review the budget and ensure cash flow remains positive. Presentation is made to Board every month and also provided to OCDE by the 20th of each month.

Staffing Position Control

- All existing positions shall be aligned with board-approved staffing ratios and enrollment targets.
- Executive Director will verify that any new positions are reconciled to the board approved staffing ratios & enrollment targets

Cash Flow Management

- Cash flow is reported to the board on a monthly basis to ensure proactive planning and mitigation of cash shortfalls.

Purchasing & Approval Oversight

- Fiscal policies, including purchasing and approval procedures have been updated and adopted.
- Office Manager and Executive Director have been trained on the updated policies and procedures. Executive Director and the board will exercise oversight according to these standards.

5. Reserve Restoration Plan

Through the corrective actions described above, including significant staffing and contract savings, strengthened fiscal controls, and efforts to increase enrollment and ADA, the school plans to generate growing surpluses in the coming years. These surpluses will be applied toward restoring reserves.

The school's target is to rebuild reserves to a 5% surplus by the end of FY 2028–29.

6. Conclusion

Explore Academy is committed to restoring fiscal stability through improved oversight, balanced budgeting, and transparent reporting. The school remains focused on supporting students and delivering a high-quality educational program throughout this recovery process. With disciplined implementation of this plan and continued collaboration with the authorizer and community, Explore Academy is positioned to return to long-term financial health.

Explore Academy Enrollment & Staffing Plan

Adopted 11.19.2025

Enrollment Plan	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
TK	10	11	10	10	10	10
K-3	37	57	45	60	60	60
4-6	23	28	40	45	45	45
7-8	3	10	35	35	35	35
9-12	0	0	0	10	20	30
Total Enrollment	73	105	130	160	170	180

Staffing Plan	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Certificated Teachers	5	5	6	8	8	8
Aides (PT) (IEP)	5	3	6	7	7	7
Office Manager	0.7	1	1	1	1	1
Administrator	1	1.5	1.5	1.5	1.5	1.5
After School Staff (PT)		3	3	4	4	4

Ratio of Enrollment to Staffing	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Certificated Teachers	18	20	24	24	24	24
Aides- will support after 24 students for K-8 and an aide will be assigned to TK if we get more than 10 enrolled	19	24	24	24	24	24



EXPLORE ACADEMY

Financial Presentation

Monthly Finance Update: Financials through March 31, 2026
Regular Board Meeting: Tuesday, April 28th, 2026

February Highlights

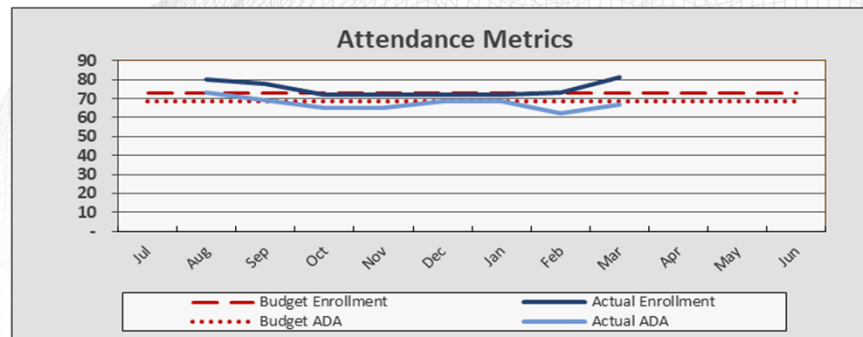
- **Enrollment:** Forecast has been updated to reflect P2 uncertified ADA. P2 uncertified ADA is **1.73 less than** P1 ADA.
- **Revenue Forecast:** \$1,699,722 projected at YE, **~+\$89.7k** in revenue increase from last forecast primarily due to a PY adjustment and non-reoccurring revenue; **~(\$42.5k)** unfavorable budget.
- **Expense Forecast:** \$1,613,874 projected at YE, **~+\$10.7k in expense increases from last forecast**; **~+\$77.7k** favorable to budget; continued expense savings are necessary to positively impact cash and YE surplus.
- **Fund Balance:** **~+\$86k** YE surplus projected, **~+\$79k** increase from last forecast primarily due to PY revenue; YE fund balance at **~(\$692k)** unfavorable. Please note that the **normalized balance** (removing PY revenue) is projected at **~+\$11.1k** YE surplus with a fund balance at **~(\$767k)** unfavorable.
- **Cash Reserves:** Cash reserves remain above 15% reserve target at **\$333,404 (21%)**. Cash risks are present by YE. Given anticipated revenue shortfalls, future expense increases are not recommended.
- **Notice of Violation Response Deadline:** The response required per [Notice of Violation](#) issued by OCDE is due by Friday, 5/15 at 5pm. Many of these responses require Board approval.

Enrollment & Attendance

Forecast has been updated to reflect P2 uncertified ADA.
 P2 uncertified ADA is **1.73 less than** P1 ADA

Enrollment Data	P1	P2
	Dec	Mar
Enrollment		
Grade TK	8	11
Grade K-3	37	43
Grade 4-6	23	23
Grade 7-8	4	4
Grade 9-12		
Total	72	81
Actual ADA		
Grade TK	7.85	8.23
Grade K-3	34.54	34.17
Grade 4-6	23.45	21.6
Grade 7-8	2.76	2.87
Grade 9-12		
Total	68.60	66.87

Enrollment & Per Pupil Data			
	<u>Actual</u>	<u>Forecast</u>	<u>Budget</u>
Average Enrollment	81.00	81.00	73
ADA	66.87	66.87	69.00
Attendance Rate	82.6%	82.6%	94.2%
Unduplicated %	70.0%	70.0%	64.0%
Revenue per ADA		\$25,502	\$25,350
Expenses per ADA		\$24,136	\$24,619



P1 certified ADA=68.60 vs. P2 uncertified ADA= 66.87

Revenue

- **Revenue Forecast:** \$1,699,722 projected at YE, ~+\$89.7k in revenue increase from last forecast primarily due to a PY adjustment and non-reoccurring revenue; ~(\$42.5k) unfavorable budget.
 - (\$22.5k) Decrease in State Aid:
 - Reduction primarily due to P2 ADA being lower than forecast (68.60 vs. 66.87).
 - +\$111.8k Increase of Federal Revenue:
 - \$16,272 increase in IDEA revenue pending expenditure report submission.
 - \$74,796 FY24-26 PCSGP prior year revenue.
 - \$20,851 for \$13,950 NSLIP for the purchase of kitchen equipment and \$16,901.05 Title IV anticipated revenue recognition supported by PAR reporting.
 - +\$519 Increase in Other State Revenue:
 - CNIPS revenue came in \$1,103.96 higher than forecast,
 - +\$150 Increase in Other Local Revenue:
 - \$150 Chris Quinn - contribution for the purchase of student t-shirts 08/09/25

Revenue

	Year-to-Date		
	Actual	Budget	Fav/(Unf)
State Aid-Rev Limit	\$ 898,790	\$ 528,725	\$ 370,065
Federal Revenue	104,328	101,129	3,199
Other State Revenue	102,413	225,997	(123,584)
Other Local Revenue	21,448	20,280	1,168
Total Revenue	\$ 1,126,979	\$ 876,132	\$ 250,847

	Annual/Full Year		
	Forecast	Budget	Fav/(Unf)
State Aid-Rev Limit	\$ 884,357	\$ 931,611	\$ (47,254)
Federal Revenue	385,361	345,237	40,125
Other State Revenue	398,138	439,452	(41,314)
Other Local Revenue	31,916	26,000	5,916
Total Revenue	\$ 1,699,772	\$ 1,742,299	\$ (42,527)

Revenue

- **Revenue Forecast:** (\$22.5k) Decrease in State Aid reduction is primarily due to P2 ADA being lower than forecast (68.60 vs. 66.87).

Period	ADA	Funding											Total
PY P2	118.97	1,551,698											
CY P1	68.60	917,053											
CY P2	66.87	895,347											

Month:	July	August	September	October	November	December	January	February	March	April	May	June	Total
\$\$\$ Values	80,609	80,609	145,097	145,097	145,097	145,097	145,097	6,070	6,070	6,070	6,070	(15,636)	100%
PY Adjustment								(5,975)	(5,975)	(5,975)	(5,975)		
	= \$886,703							= \$379				=- \$15,636	895,347

Month:	July	August	September	October	November	December	January	February	March	April	May	June	Total
Corresponding formula's	=.05*1551698.00000001		=.09*1551698.00000001				=(917053-(886703))/5)+(-29876/5)					=895347	100%

Expenses

- **Expense Forecast:** \$1,613,874 projected at YE, **~+\$10.7k in expense increases from last forecast**; ~+\$77.7k favorable to budget; continued expense savings are necessary to positively impact cash and YE surplus.

- \$3.8k Classified Salaries increase due to increased actuals.
- \$10.5k Sub agreement Services increase due to reclasses from Professional Services.
- \$34.9k Operations increase due to backup received for Charter Safe.
- (\$38.5k) Professional Service decreases due to reclasses to Sub agreement Services.
- **Additional expense investments are not recommended.**

Expenses	Year-to-Date			Annual/Full Year		
	Actual	Budget	Fav/(Unf)	Forecast	Budget	Fav/(Unf)
Certificated Salaries	\$ 367,684	\$ 354,846	\$ (12,838)	\$ 490,358	\$ 449,951	\$ (40,407)
Classified Salaries	110,250	132,091	21,841	146,940	180,867	33,927
Benefits	85,809	98,386	12,578	115,729	126,558	10,829
Books and Supplies	70,262	252,309	182,047	184,876	278,173	93,297
Subagreement Services	106,362	106,048	(314)	137,571	147,700	10,129
Operations	45,686	44,420	(1,265)	62,432	59,300	(3,132)
Facilities	70,885	72,644	1,759	109,105	96,859	(12,246)
Professional Services	190,436	194,022	3,586	275,985	277,197	1,212
Depreciation	1,500	-	(1,500)	2,001	-	(2,001)
Interest	76,379	56,250	(20,129)	88,879	75,000	(13,879)
Total Expenses	\$ 1,125,251	\$ 1,311,016	\$ 185,765	\$ 1,613,874	\$ 1,691,605	\$ 77,730

Fund Balance

- **Fund Balance:** ~+\$86k YE surplus projected, ~+\$79k increase from last forecast primarily due to PY revenue; YE fund balance at ~(\$692k) unfavorable. Please note that the **normalized balance** (removing PY revenue) is projected at ~+\$11.1k YE surplus with a fund balance at ~(\$767k) unfavorable.
 - 2nd Interim projected a \$22k YE surplus.
 - Additional expense reductions will be necessary.

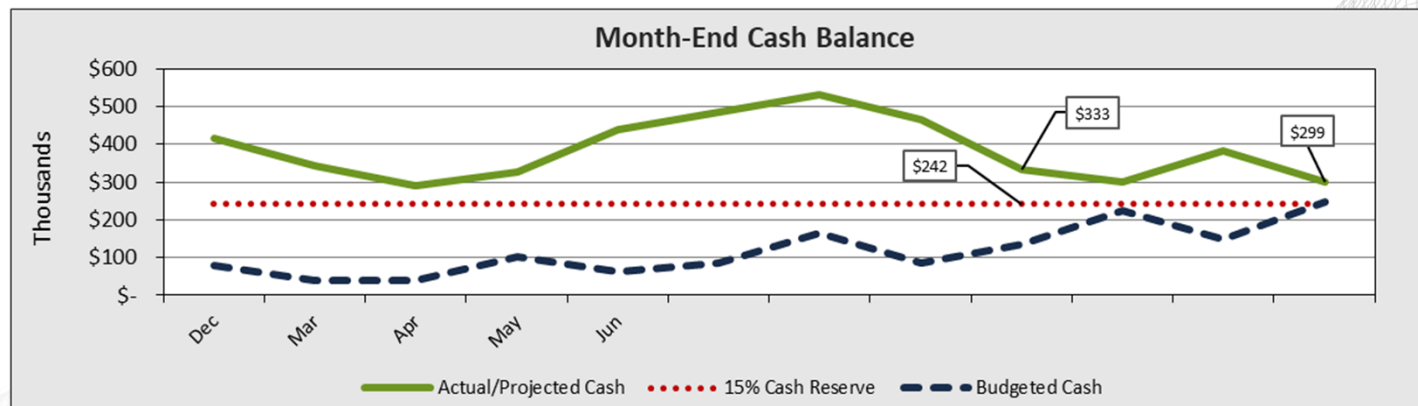
	Year-to-Date			Annual/Full Year		
	Actual	Budget	Fav/(Unf)	Forecast	Budget	Fav/(Unf)
Total Surplus(Deficit)	\$ 1,728	\$ (434,884)	\$ 436,615	\$ 85,898	\$ 50,694	\$ 35,203
Beginning Fund Balance	<u>(778,373)</u>	<u>(778,373)</u>		<u>(778,373)</u>	<u>(778,373)</u>	
Ending Fund Balance	<u>\$ (776,645)</u>	<u>\$ (1,213,258)</u>		<u>\$ (692,475)</u>	<u>\$ (727,679)</u>	
<i>As a % of Annual Expenses</i>	-48.1%	-71.7%		-42.9%	-43.0%	

Normalized Ending Position

\$ 85,898	Surplus(Deficit) --w/prior year revenue
\$ 74,796	PY PCSGP Revenue
<hr/>	
\$ 11,102	Total Surplus(Deficit)--Normalized w/o prior year revenue
\$ 22,359	2nd Interim Surplus(Deficit)
\$ (11,257)	Variance
<hr/>	
\$ (767,271)	Ending Fund Balance

Cash Reserves

- **Cash Reserves:** Cash reserves remain above 15% reserve target at **\$333,404 (20.7%)**. Cash risks are present by YE. Given anticipated revenue shortfalls, future expense increases are not recommended.
 - **YE forecasted cash balance is only \$57k greater than the 15% cash to expense reserve target.**
 - Additional expense reductions will be necessary.



Notice of Violation

- **Notice of Violation Response Deadline:** The response required per [Notice of Violation](#) (pgs. 69–106) issued by OCDE is due by Friday, 5/15 at 5pm. Many of these responses require Board approval.



NOTICE OF VIOLATION

Pursuant to Education Code section 47607 and
Title 5, California Code of Regulations section 11968.5.2

THIS PROPOSED NOTICE OF VIOLATION WILL BE CONSIDERED BY THE ORANGE COUNTY BOARD OF EDUCATION AT ITS FEBRUARY 2, 2025, MEETING AND MAY BE ISSUED AND EFFECTIVE ONLY UPON BOARD APPROVAL

To: Governing Board of Explore Academy Charter School
From: Orange County Board of Education
Re: Notice of Violation and Opportunity to Cure
Education Code section 47607

I. INTRODUCTION

This Notice of Violation ("NOV") is issued to the Governing Board of Explore Academy Charter School ("Explore") pursuant to Education Code section ("EC") 47607 and Title 5 California Code of Regulations ("CCR") section 11968.5.2.

Following a review of Explore's 2024-25 and 2025-26 financial re 2025-26 First Interim Report; three (3) Notices of Concern regarding Explore's responses to the Notices of Concern; and the findings and recom Fiscal Crisis and Management Assistance Team ("FCMAT") Report dated C Orange County Board of Education ("OCBE") has determined that there i concerns that require immediate attention and corrective action.

The purpose of this NOV is to identify material violations of charter r that constitute grounds for revocation under EC 47607(f) and to provi opportunity to remedy those violations.

II. BACKGROUND

A. Establishment and Operational History of Explore Academy

On October 6, 2021, the Orange County Board of Education ("OCB charter petition submitted by ExploreK12, a California nonprofit public authorizing the establishment and operation of the countywide charter schoo ("Petition"). The initial charter term of July 1, 2022, through June 30, 2027, 30, 2028, due to state-mandated extensions.

In its Petition, Explore represented that a countywide charter was nec operation of Explore Academy based on several stated justifications, including financing for multiple permanent facilities, enable students to enroll in cou

VI. OPPORTUNITY TO CURE

Pursuant to Education Code section 47607 and Title 5, California Code of Regulations section 11968.5.2, Explore is provided an opportunity to cure the violations identified in this Notice of Violation. During the remedy period, 5 CCR 11968.5.2, provides that upon receipt of a Notice of Violation, Explore, if it chooses to respond, shall take the following actions:

- Submit to the chartering authority a detailed, written response addressing each identified violation which shall include the refutation, remedial action taken, or proposed remedial action by the charter school specific to each alleged violation. The written response shall be due by the end of the remedy period identified in the Notice of Violation.
- Attach to its written response supporting evidence of the refutation, remedial action, or proposed remedial action, if any, including written reports, statements, and other appropriate documentation.

EXPLORE'S WRITTEN RESPONSE AND ALL SUPPORTING EVIDENCE MUST BE SUBMITTED TO OCDE NO LATER THAN MAY 15, 2026, AT 5:00 P.M.

This deadline provides Explore with a reasonable opportunity to cure the violations identified in this Notice. It reflects Explore's request for additional time through May to develop and support revised enrollment projections. The cure deadline is firm, and no extensions will be granted. Failure to submit a timely response and supporting documentation by the stated deadline will constitute a failure to cure.

VII. REMEDIAL ACTION

If Explore elects to cure the violations identified in this Notice through remedial action, Explore must demonstrate that it has implemented corrective actions, supported by objective and verifiable evidence, sufficient to correct the violations. The remedial actions described below identify the standards by which OCDE will evaluate whether Explore cured the violations through corrective action.¹

Appendices

Financials As of February 28, 2026:

- Cash Flow – Monthly and Annual Forecast
- Budget vs. Actual
- Statement of Financial Position
- Statement of Cash Flows

Financial Oversight:

- Compliance Reminder (60-day)
- Check Register
- Accounts Payable Aging

FY25-26 ADA Cash Flow Scenario

HJ SIMS Investments LLC Payment Installments Letter.

Notice of Violation Remedial Actions

FY25-26 Explore Prime Academy Forecast

Monthly Cash Flow/Budget FY25-26

Revised 4/21/26

Actuals Through: 3/31/2026

ADA = 66.87



	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Year-End Accruals	Annual Forecast
Revenues														
State Aid - Revenue Limit														
8011 LCFF State Aid	80,609	80,609	145,097	145,097	145,097	145,097	145,097	6,070	6,070	6,070	6,070	-	(15,636)	895,347
8012 Education Protection Account	-	-	-	-	-	11,897	-	-	464	-	-	-	1,013	13,374
8019 State Aid - Prior Year	-	-	-	-	-	-	-	(5,975)	(6,439)	(5,975)	(5,975)	-	-	(24,364)
	80,609	80,609	145,097	145,097	145,097	156,994	145,097	95	95	95	95	-	(14,623)	884,357
Federal Revenue														
8181 Special Education - Entitlement (IDEA)	-	-	-	-	-	-	-	-	-	-	-	-	33,072	33,072
8220 Federal Child Nutrition	-	-	-	-	-	-	22,906	1,846	4,780	1,765	1,765	1,765	1,298	36,125
8290 Title I, Part A - Basic Low Income	-	-	-	-	-	-	-	-	-	-	-	-	-	20,357
8291 Title II, Part A - Teacher Quality	-	-	-	-	-	-	-	-	-	-	-	-	-	3,178
8294 Title V, Part B - PCSG	-	-	-	-	-	-	-	-	-	-	186,982	-	-	186,982
8296 Other Federal Revenue	-	-	-	-	-	-	-	-	-	-	-	16,901	13,950	30,851
8299 Prior Year Federal Revenue	-	-	-	-	-	-	-	-	74,796	-	-	-	-	74,796
	-	-	-	-	-	-	22,906	1,846	79,576	1,765	188,747	18,666	71,855	385,361
Other State Revenue														
8311 State Special Education	-	-	-	-	9,088	-	10,098	36,352	8,605	9,591	9,591	9,591	10,576	103,491
8520 Child Nutrition	-	-	-	-	-	-	8,313	652	1,740	-	-	-	-	10,706
8550 Mandated Cost	-	-	-	-	-	2,441	-	-	-	-	-	-	-	2,441
8560 State Lottery	-	-	-	-	-	9,537	-	-	9,927	8,146	-	-	(9,355)	18,256
8599 Other State Revenue	505	505	909	909	11,007	(9,189)	909	52	52	65,116	391	391	191,687	263,245
	505	505	909	909	20,095	34,610	19,320	5,235	20,324	82,853	9,982	9,982	192,909	398,138
Other Local Revenue														
8660 Interest Revenue	198	295	599	267	472	544	451	614	358	656	656	656	-	5,766
8690 Other Local Revenue	-	-	-	-	17,500	-	-	-	-	2,833	2,833	2,833	-	26,000
8699 School Fundraising	-	-	-	-	-	-	-	-	150	-	-	-	-	150
	198	295	599	267	17,972	544	451	614	508	3,489	3,489	3,489	-	31,916
Total Revenue	81,312	81,409	146,605	146,273	183,164	192,149	187,774	7,790	100,503	88,202	202,313	32,137	250,141	1,699,772
Expenses														
Certificated Salaries														
1100 Teachers' Salaries	-	52,879	41,954	31,100	31,420	30,566	31,398	31,984	31,691	31,691	31,691	31,691	-	378,067
1170 Teachers' Substitute Hours	-	-	800	800	1,000	600	600	-	-	1,133	1,133	1,133	-	7,200
1200 Pupil Support Salaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1300 Administrators' Salaries	9,467	9,467	9,467	8,825	8,825	8,825	8,825	8,825	8,366	8,067	8,067	8,067	-	105,091
	9,467	62,346	52,221	40,725	41,245	39,991	40,823	40,809	40,057	40,891	40,891	40,891	-	490,358
Classified Salaries														
2100 Instructional Salaries	-	-	12,545	14,096	10,768	10,212	11,374	12,965	12,978	5,880	5,880	5,880	-	102,578
2200 Support Salaries	675	-	-	-	-	-	-	-	-	1,100	1,100	1,100	-	3,975
2400 Clerical and Office Staff Salaries	4,120	-	1,771	3,267	2,852	3,306	3,206	3,115	3,000	5,250	5,250	5,250	-	40,387
	4,795	-	14,316	17,363	13,620	13,518	14,580	16,079	15,978	12,230	12,230	12,230	-	146,940
Benefits														
3301 OASDI	884	3,824	4,046	3,542	3,341	3,260	3,376	3,468	3,162	3,227	3,227	3,227	-	38,583
3311 Medicare	207	894	908	828	781	762	789	811	798	1,041	1,041	1,041	-	9,903
3401 Health and Welfare	36	(666)	6,247	3,440	11,687	7,116	5,476	5,085	3,353	3,750	3,750	3,750	-	53,025
3501 State Unemployment	11	76	32	29	27	56	27	28	27	1,228	1,228	1,228	-	3,995
3601 Workers' Compensation	-	-	-	-	-	-	-	-	4,125	390	390	390	-	5,296
3901 Other Benefits	-	-	22	170	749	749	749	749	726	338	338	338	-	4,928
	1,137	4,129	11,257	8,008	16,585	11,943	10,417	10,141	12,191	9,974	9,974	9,974	-	115,729
Books and Supplies														
4100 Textbooks and Core Curricula	-	-	-	-	-	6,040	-	-	-	-	-	-	5,000	11,040
4200 Books and Other Materials	-	-	-	-	576	-	-	-	-	-	-	-	-	576
4302 School Supplies	-	415	-	-	308	298	-	157	101	625	625	625	11,242	14,395
4305 Software	-	-	-	5,530	7,849	-	-	-	169	2,025	2,025	2,025	6,500	26,123
4310 Office Expense	-	-	-	-	706	308	627	382	566	192	192	192	500	3,664
4311 Business Meals	-	287	-	-	-	46	44	-	-	25	25	25	-	451
4400 Noncapitalized Equipment	-	-	-	-	-	-	-	-	5,758	-	-	-	70,000	75,758
4700 Food Services	-	750	4,396	9,124	7,617	3,279	4,691	4,461	5,779	4,257	4,257	4,257	-	52,868
	-	1,452	4,396	14,654	17,056	9,970	5,362	4,999	12,373	7,124	7,124	7,124	93,242	184,876
Subagreement Services														
5101 Nursing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5102 Special Education	-	21,436	7,595	2,978	8,945	3,778	10,583	(9,635)	32,695	8,036	8,036	8,036	-	102,485
5103 Substitute Teacher	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5104 Transportation	-	1,473	-	-	-	-	-	(1,473)	-	-	-	-	1,500	1,500
5105 Security	-	-	-	-	94	666	94	179	255	-	-	-	1,500	2,788
5106 Other Educational Consultants	-	-	2,406	4,992	3,000	3,650	-	9,000	3,650	2,050	-	2,050	-	30,798

FY25-26 Explore Prime Academy Forecast

Monthly Cash Flow/Budget FY25-26

Revised 4/21/26

Actuals Through: 3/31/2026

ADA = 66.87



	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Year-End Accruals	Annual Forecast
	-	22,909	10,001	7,970	12,039	8,094	10,677	(1,929)	36,600	10,086	8,036	10,086	3,000	137,571
Operations and Housekeeping														
5201 Auto and Travel	-	-	-	-	-	-	-	-	-	209	209	209	-	627
5300 Dues & Memberships	-	-	-	-	-	-	-	930	-	(58)	(58)	(58)	-	755
5400 Insurance	-	-	-	-	-	-	-	-	35,123	1,958	1,958	1,958	4,184	45,182
5502 Janitorial Services	-	-	-	788	-	949	(554)	788	394	1,625	1,625	1,625	-	7,239
5900 Communications	-	557	570	417	65	53	343	347	4,305	433	433	433	-	7,957
5901 Postage and Shipping	-	585	-	-	-	-	-	27	-	20	20	20	-	672
	-	1,142	908	1,205	65	663	(211)	2,092	39,822	4,187	4,187	4,187	4,184	62,432
Facilities, Repairs and Other Leases														
5601 Rent	7,043	-	14,086	7,043	7,525	7,766	7,284	-	7,283	7,205	7,205	7,205	7,205	86,848
5603 Equipment Leases	-	629	1,031	478	472	315	665	425	511	283	283	283	1,250	6,626
5604 Other Leases	-	-	-	-	-	2,029	663	-	-	-	-	-	2,500	5,192
5605 Real/Personal Property Taxes	-	-	-	-	-	-	-	-	-	300	300	300	-	900
5610 Repairs and Maintenance	83	4,201	-	1,238	421	(1,270)	89	377	500	50	50	50	3,750	9,538
	7,125	4,830	15,117	8,759	8,417	8,839	8,700	803	8,294	7,838	7,838	7,838	14,705	109,105
Professional/Consulting Services														
5801 IT	-	4,057	1,692	-	-	3,388	3,176	9,522	-	1,667	1,667	1,667	-	26,835
5802 Audit & Taxes	-	-	-	-	-	-	-	-	-	-	-	-	14,000	14,000
5803 Legal	177	6,472	-	-	-	-	3,258	(2,001)	1,280	2,400	2,400	2,400	-	16,385
5804 Professional Development	-	-	-	59,750	-	-	-	(3,750)	-	-	-	-	-	56,000
5805 General Consulting	-	-	-	4,400	7,800	4,400	7,612	6,600	(30,812)	-	-	-	-	-
5806 Special Activities/Field Trips	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5807 Bank Charges	-	-	-	355	(355)	(105)	-	-	-	30	30	30	-	(15)
5808 Printing	-	730	-	-	-	-	-	-	1,249	120	120	120	-	2,339
5809 Other taxes and fees	-	253	(7,719)	1,080	1,124	7,364	4	4	34	450	450	450	7,719	11,213
5810 Payroll Service Fee	300	300	1,437	568	1,560	446	300	600	300	450	450	450	-	7,161
5811 Management Fee (Back Office)	6,583	21,434	6,583	6,583	6,583	6,583	6,583	13,166	(6,241)	6,583	6,583	6,583	-	87,607
5812 District Oversight Fee	-	-	-	-	-	-	-	-	4,654	-	-	-	4,190	8,844
5815 Public Relations/Recruitment	-	6,194	-	3,600	2,321	-	-	150	8,812	3,180	3,180	3,180	15,000	45,616
	7,060	39,440	1,993	76,335	19,033	22,076	20,932	24,290	(20,724)	14,880	14,880	14,880	40,909	275,985
Depreciation														
6900 Depreciation Expense	167	167	167	167	167	167	167	167	167	167	167	167	-	2,001
	167	167	167	167	167	167	167	167	167	167	167	167	-	2,001
Interest														
7438 Interest Expense	14,583	7,861	7,119	900	19,440	811	13,165	6,250	6,250	6,250	6,250	-	-	88,879
	14,583	7,861	7,119	900	19,440	811	13,165	6,250	6,250	6,250	6,250	-	-	88,879
Total Expenses	44,335	144,275	117,494	176,086	147,668	116,073	124,613	103,701	151,008	113,628	111,578	107,378	156,040	1,613,874
Monthly Surplus (Deficit)	36,977	(62,866)	29,111	(29,814)	35,497	76,076	63,161	(95,911)	(50,505)	(25,426)	90,736	(75,240)	94,101	85,898
Cash Flow Adjustments														
Monthly Surplus (Deficit)	36,977	(62,866)	29,111	(29,814)	35,497	76,076	63,161	(95,911)	(50,505)	(25,426)	90,736	(75,240)	94,101	85,898
Cash flows from operating activities														
Depreciation/Amortization	167	167	167	167	167	167	167	167	167	167	167	167	-	2,001
Public Funding Receivables	-	-	6,069	-	19,800	-	(35,652)	362,821	(4,674)	-	-	-	(250,141)	98,223
Grants and Contributions Rec.	155,532	-	(6,069)	-	-	-	6,069	(155,532)	-	-	-	-	-	-
Due To/From Related Parties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expenses	3,319	(4,924)	5,317	(7,793)	4,116	6,041	(4,011)	1,062	(7,955)	-	-	-	-	(4,828)
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Payable	(9,012)	(23,265)	(58,528)	63,213	24,473	(41,655)	8,398	16,882	(23,038)	-	-	-	156,040	113,508
Accrued Expenses	311	19,631	(24,195)	(21,731)	43,288	8,203	17,618	(92,417)	17,547	-	-	-	-	(31,745)
Other Liabilities	-	-	(13,889)	(13,889)	(13,889)	(13,889)	(13,889)	(13,889)	-	-	-	-	-	(69,445)
Deferred Revenue	11,194	11,194	26,098	48,084	22,590	11,759	21,538	(96,389)	(54,643)	-	-	-	-	1,425
Cash flows from investing activities														
Purchases of Prop. And Equip.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash flows from financing activities														
Proceeds from Financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments on Financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds(Payments) on Debt	-	(13,889)	(16,667)	-	(25,000)	-	(16,667)	(8,333)	(8,333)	(8,333)	(8,333)	(8,333)	-	(113,888)
Total Change in Cash	198,488	(73,952)	(52,587)	38,237	111,041	46,702	46,732	(67,650)	(131,434)	(33,592)	82,570	(83,406)		
Cash, Beginning of Month	217,827	416,315	342,363	289,776	328,013	439,055	485,756	532,489	464,838	333,404	299,813	382,382		
Cash, End of Month	416,315	342,363	289,776	328,013	439,055	485,756	532,489	464,838	333,404	299,813	382,382	298,976		

Explore Prime Academy

Financial Package

March 31, 2026

Presented by:



Explore Prime Academy

Budget vs Actual

For the period ended March 31, 2026

	Current Period Actual	Current Period Budget	Current Period Variance	Current Year Actual	YTD Budget	YTD Budget Variance	Total Budget
Revenue							
State Aid - Revenue Limit							
LCFF Revenue	\$ 6,070	\$ 99,003	\$ (198,339)	\$ 898,843	\$ 521,850	\$ 376,993	\$ 917,865
Economic Protection Account Funding	464	0	464	12,361	6,874	5,487	13,746
State Aid - Prior Year	(6,439)	0	(6,439)	(12,414)	0	(12,414)	0
Total State Aid - Revenue Limit	95	99,003	(204,314)	898,790	528,724	370,066	931,611
Federal Revenue							
Federal Special Education - IDEA	0	0	0	0	0	0	16,800
Federal Child Nutrition	4,780	1,757	1,136	29,532	9,710	19,822	18,496
Title I, Part A - Basic Low Income	0	0	0	0	20,357	(20,357)	20,357
Title II, Part A - Teacher Quality	0	0	0	0	3,178	(3,178)	3,178
Title V, Part B - Charter School Grants	0	0	0	0	67,884	(67,884)	286,405
Federal - Prior Year Adjustments	74,796	0	74,796	74,796	0	74,796	0
Total Federal Revenue	79,576	1,757	75,932	104,328	101,129	3,199	345,236
Other State Revenue							
State Special Education - AB602	8,605	11,645	(4,722)	64,143	61,377	2,766	107,959
State - Child Nutrition	1,740	1,757	1,395	10,706	9,710	996	18,496
State - Mandated Cost Reimbursement	0	0	0	2,441	2,453	(12)	2,453
State - State Lottery	9,927	0	9,927	19,463	3,929	15,534	18,763
State - Other State Revenue	52	1,693	(781)	5,659	148,524	(142,865)	291,781
Total Other State Revenue	20,324	15,095	5,819	102,412	225,993	(123,581)	439,452
Other Local Revenue							
Interest Revenue	358	0	359	3,799	0	3,799	0
Other Local Revenue	0	0	0	17,500	0	17,500	0
ASB Fundraising	0	2,860	(2,860)	0	20,280	(20,280)	26,000
School Fundraising	150	0	150	150	0	150	0
Total Other Local Revenue	508	2,860	(2,351)	21,449	20,280	1,169	26,000
Total Revenue	100,503	118,715	(124,914)	1,126,979	876,126	250,853	1,742,299
Expenses							
Certificated Salaries							
Certificated Teachers' Salaries	31,691	34,765	19,914	282,994	278,120	(4,874)	347,651
Certificated Teachers' Substitute Hours	0	0	0	3,800	0	(3,800)	0
Certificated Pupil Support Salaries	0	0	10,000	0	0	0	0
Certificated Supervisors' and Administrators' Salaries	8,366	8,525	800	80,891	76,725	(4,166)	102,300
Total Certificated Salaries	40,057	43,290	30,714	367,685	354,845	(12,840)	449,951
Classified Salaries							
Classified Instructional Salaries	12,978	0	(12,978)	84,938	0	(84,938)	0
Classified Support Salaries	0	14,238	15,317	675	113,904	113,229	156,619
Clerical, Technical, and Office Staff Salaries	3,000	2,021	1,875	24,636	18,189	(6,447)	24,248
Total Classified Salaries	15,978	16,259	4,214	110,249	132,093	21,844	180,867
Benefits							
OASDI/Medicare/Alternative, certificated positions	3,162	3,656	2,478	28,903	30,214	1,311	39,111
Medicare certificated positions	798	1,179	1,020	6,781	9,744	2,963	12,616
Health and Welfare Benefits, certificated positions	3,353	3,750	2,481	41,774	33,750	(8,024)	45,000
State Unemployment Insurance, certificated positions	27	2,100	2,422	314	17,850	17,536	21,000
Workers' Compensation Insurance, certificated positions	4,125	442	(3,442)	4,125	3,653	(472)	4,731
Other Benefits, certificated positions	726	383	(135)	3,912	3,165	(747)	4,100
Total Benefits	12,191	11,510	4,824	85,809	98,376	12,567	126,558
Books & Supplies							
Textbooks and Core Curricula Materials	0	0	0	6,040	69,880	63,840	69,880
Books and Other Reference Materials	0	0	0	577	21,800	21,223	21,800
School Supplies	101	2,674	3,107	1,278	24,066	22,788	32,092
Software	170	2,209	2,481	13,549	19,881	6,332	26,507
Office Expense	566	347	(150)	2,589	3,123	534	4,168
Business Meals	0	28	34	376	252	(124)	333
Noncapitalized Equipment	5,758	0	(5,758)	5,758	86,400	80,642	86,400
Food Services	5,779	3,363	(1,963)	40,095	26,904	(13,191)	36,993
Total Books & Supplies	12,374	8,621	(2,249)	70,262	252,306	182,044	278,173
Subagreement Services							
Nursing	0	98	100	0	882	882	1,178
Special Education	32,695	4,827	(27,777)	78,376	38,616	(39,760)	53,093

Explore Prime Academy

Budget vs Actual

For the period ended March 31, 2026

	Current Period Actual	Current Period Budget	Current Period Variance	Current Year Actual	YTD Budget	YTD Budget Variance	Total Budget
Substitute Teacher	0	3,836	3,909	0	30,688	30,688	42,200
Security	255	0	(255)	1,288	0	(1,288)	0
Other Educational Consultants	3,650	5,123	1,570	26,698	35,861	9,163	51,229
Total Subagreement Services	36,600	13,884	(22,453)	106,362	106,047	(315)	147,700
Professional/Consulting Services							
IT	0	1,846	2,592	21,833	16,614	(5,219)	22,154
Audit and Tax	0	0	0	0	11,398	11,398	11,398
Legal	1,280	1,923	1,420	9,185	17,307	8,122	23,081
Professional Development	0	2,123	2,980	56,000	14,861	(41,139)	21,228
General Consulting	(30,812)	6,028	39,274	0	31,313	31,313	54,812
Special Activities	0	0	0	0	16,099	16,099	16,099
Bank Charges	0	50	70	(105)	350	455	499
Printing	1,249	178	(999)	1,979	1,246	(733)	1,781
Other Taxes and Fees	34	505	674	2,144	4,545	2,401	6,560
Payroll Service Fee	300	401	262	5,810	3,609	(2,201)	4,808
Management Fee	(6,241)	4,769	12,937	67,857	42,921	(24,936)	57,234
District Oversight Fee	4,654	0	(4,654)	4,654	0	(4,654)	9,316
Public Relations	8,812	4,823	(2,042)	21,077	33,761	12,684	48,227
Total Professional/Consulting Services	(20,724)	22,646	52,514	190,434	194,024	3,590	277,197
Facilities, Repairs & Other Leases							
Rent	7,283	6,798	(79)	58,029	61,182	3,153	81,574
Equipment Leases	511	566	89	4,526	5,094	568	6,793
Other Leases	0	0	0	2,692	0	(2,692)	0
Real/Personal Property Taxes	0	598	633	0	5,382	5,382	7,171
Repairs and Maintenance	500	110	(383)	5,638	990	(4,648)	1,321
Total Facilities, Repairs & Other Leases	8,294	8,072	260	70,885	72,648	1,763	96,859
Operations & Housekeeping							
Auto and Travel Expense	0	218	454	0	1,744	1,744	2,400
Dues & Memberships	0	583	2,342	930	5,247	4,317	7,000
Insurance	35,123	2,017	(30,940)	35,123	18,153	(16,970)	24,200
Janitorial/Trash Removal	394	1,675	3,073	2,365	15,075	12,710	20,100
Communications	4,305	467	(4,305)	6,656	4,203	(2,453)	5,600
Postage and Shipping	0	0	50	611	0	(611)	0
Total Operations & Housekeeping	39,822	4,960	(29,326)	45,685	44,422	(1,263)	59,300
Depreciation							
Depreciation Expense	167	0	(166)	1,500	0	(1,500)	0
Total Depreciation	167	0	(166)	1,500	0	(1,500)	0
Interest							
Interest Expense	6,250	6,250	(6,250)	76,380	56,250	(20,130)	75,000
Total Interest	6,250	6,250	(6,250)	76,380	56,250	(20,130)	75,000
Total Expenses	151,009	135,492	32,082	1,125,251	1,311,011	185,760	1,691,605
Change in Net Assets	(50,506)	(16,777)	(92,832)		(434,885)	436,613	50,694
Net Assets, Beginning of Period	(726,140)			(778,373)			
Net Assets, End of Period	\$ (776,645)			\$ (776,645)			

Explore Prime Academy

Statement of Financial Position

For the period ended March 31, 2026

	Current Balance	Beginning Year Balance	YTD Change	YTD % Change
Assets				
Current Assets				
Cash & Cash Equivalents	\$ 333,404	\$ 217,827	\$ 115,577	53 %
Public Funding Receivables	10,373	358,737	(348,365)	(97) %
Prepaid Expenses	12,934	8,107	4,828	60 %
Total Current Assets	356,711	584,671	(227,960)	(39) %
Long-term Assets				
Property & Equipment, Net	16,812	18,312	(1,500)	(8) %
Total Long-term Assets	16,812	18,312	(1,500)	(8) %
Total Assets	\$ 373,523	\$ 602,983	\$ (229,460)	(38) %
Liabilities				
Current Liabilities				
Accounts Payable	\$ 58,241	\$ 100,775	\$ (42,534)	(42) %
Accrued Liabilities	17,335	49,080	(31,745)	(65) %
Deferred Revenue	232,926	231,501	1,425	1 %
Total Current Liabilities	308,502	381,356	(72,854)	(19) %
Long-term Liabilities				
Notes Payable, Net of Current Portion	675,000	750,000	(75,000)	(10) %
Other Long-term Liabilities	166,666	250,000	(83,334)	(33) %
Total Long-term Liabilities	841,666	1,000,000	(158,334)	(16) %
Total Liabilities	1,150,168	1,381,356	(231,188)	(17) %
Net Asset	(776,645)	(778,373)	1,728	(0) %
Liabilities & Net Assets	\$ 373,523	\$ 602,983	\$ (229,460)	(38) %

Explore Prime Academy

Statement of Cash Flows

For the period ended March 31, 2026

	Month Ended 03/31/26	YTD Ended 03/31/26
Cash Flows from Operating Activities		
Change in Net Assets	\$ (50,506)	\$ 1,728
Adjustments		
Depreciation	167	1,500
(Increase) Decrease in Operating Assets		
Public Funding Receivables	(4,674)	348,364
Prepaid Expenses	(7,955)	(4,827)
Increase (Decrease) in Operating Liabilities		
Accounts Payable	(23,038)	(42,534)
Accrued Expenses	17,547	(31,745)
Deferred Revenue	(54,643)	1,425
Other Liabilities	0	(83,334)
Total Cash Flows from Operating Activities	(123,102)	190,577
Cash Flows from Financing Activities		
Proceeds from (Payments on) Long-term Debt	(8,333)	(75,000)
Total Cash Flows from Financing Activities	(8,333)	(75,000)
Change in Cash and Cash Equivalents	(131,436)	115,577
Cash & Cash Equivalents, Beginning of Period	464,839	217,827
Cash & Cash Equivalents, End of Period	\$ 333,404	\$ 333,404

Explore Prime Academy

Check Register

For the period ended March 31, 2026

Check/Voucher No.	Vendor	Description	Check Date	Amount Applied
20226	Accrediting Commission for Schools Western Association of Schools & Colleges	Membership - 1yr	3/3/2026	\$ 930.00
20227	Anthem Blue Cross	Health Ins. - 03/26	3/3/2026	1,359.97
20228	Canon Financial Services, Inc.	Copier Lease - 02/26	3/3/2026	314.63
20229	CR&R Incorporated x4009	Trash Svcs. - 02/26	3/3/2026	394.07
20230	Kaiser Foundation Health Plan Inc	Health Ins. - 03/26	3/3/2026	3,619.28
20231	Law Offices of Myron S. Steeves	Legal Svcs - 07/14/25 - 07/30/25	3/3/2026	352.00
20232	Marleni Flores	Reimb. - Glue sticks - 02/21/26	3/3/2026	38.19
20233	School Food Solutions L3C	Food Service Administration - 02/26	3/3/2026	780.00
20234	Do Organization	Enrichment Svcs - FY 25-26	3/3/2026	9,000.00
20235	Valley Alarm	Alarm Svcs	3/3/2026	94.00
20236	CA Department of Justice	Fingerprints Svcs	3/10/2026	32.00
20237	Charter Impact	Payroll Svcs. - 03/26	3/10/2026	300.00
20238	CPC Graphic	Printing Svcs - TShirts & Business Cards	3/10/2026	1,249.00
20239	Cross Country Education	SpEd Svcs	3/10/2026	4,466.08
20240	Gopher	Delivery Svcs	3/10/2026	5,758.20
20241	J.A.M. Gardening Service	Gardening Svcs - 02/04/26 - 02/18/26	3/10/2026	500.00
20242	Milton Ortiz	Enrichment Svcs - 12/05/25 - 12/18/25	3/10/2026	450.00
20243	Nitel, LLC x1003	Communication Svcs. - 03/26	3/10/2026	282.71
20244	Pacific Portable Services LLC	Portable Svcs	3/10/2026	339.17
20245	Precious Young	Consulting Svcs. - 02/26	3/10/2026	4,400.00
20246	South Coast Copy Systems	Copier Lease - 03/28/26 - 04/27/26	3/10/2026	196.24
20247	Technology Lab	IT Svcs - 03/26	3/10/2026	3,173.91
20248	Verizon Wireless	Communication Svcs - 01/11/26 - 02/10/26	3/10/2026	65.02
20249	Celebration Education	Enrichment Svcs - 03/03/26 - 04/02/26	3/16/2026	1,000.00
20251	Glasby Maintenance Supply Co	Janitorial Supplies	3/17/2026	119.04
20252	Law Offices of Myron S. Steeves	Legal Svcs - 02/04/26	3/17/2026	74.00
20253	Lili Gonzalez	Remb. - Projector Lamps - 01/27/26	3/17/2026	189.00
20254	Norma Alvarado	Recruitment Svcs - 02/26	3/17/2026	2,200.00
20255	Orange Unified School District	Rent - 12/25	3/17/2026	7,283.78
20256	Revolution Foods, PBC x3295	Meals - 02/26	3/17/2026	4,998.80
20257	Young, Minney & Corr, LLP	Legal Svcs. - 02/26	3/17/2026	1,205.50
20258	Anthem Blue Cross	Health Ins. - 04/26	3/23/2026	1,359.97
20259	Canon Financial Services, Inc.	Copier Lease - 03/26	3/23/2026	314.63
20260	Kaiser Foundation Health Plan Inc	Health Ins. - 04/26	3/23/2026	3,619.28
20261	School Food Solutions L3C	Food Service Administration - 02/26	3/23/2026	780.00
20262	CR&R Incorporated x4009	Trash Svcs. - 03/26	3/30/2026	394.07
20263	Cross Country Education	SpEd Svcs	3/30/2026	842.81
20264	Glasby Maintenance Supply Co	Janitorial Supplies	3/30/2026	172.08
20265	Orange County Dept. of Education	Oversight Fee - FY25-26	3/30/2026	4,653.87
20266	Orange Unified School District	Rent - 04/26	3/30/2026	7,283.78
ACH	UMB Bank	HJ Sims Loan - Interest - 03/26	3/26/2026	6,250.00
Voided - 20100	TrueNorth Education Services	July & August 2025 Mgmt Svcs	3/6/2026	VOID
Total Disbursements in March				\$ 80,835.08

Explore Prime Academy

Accounts Payable Aging

For the period ended March 31, 2026

Vendor Name	Invoice/Credit Number	Date Due	Current	1 - 30 Days Past Due	31 - 60 Days Past Due	61 - 90 Days Past Due	Over 90 Days Past Due	Total
AllyOp, LLC	AO-ORA-01	10/05/2025	\$ -	\$ -	\$ -	\$ -	\$ 56,000	\$ 56,000
Cross Country Education	DE116591	04/13/2026	2,241	-	-	-	-	2,241
Total Outstanding Invoices			\$ 2,241	\$ -	\$ -	\$ -	\$ 56,000	\$ 58,241

Explore Academy
60-Day Compliance Reminder
4/2/2026

Area	Due Date	Description	Completed By	Board Must Approve	Signature Required	Additional Information
FINANCE	Apr-01 or sooner based on Authorizer	Audit Firm Selection - In accordance with Education Code (EC) Section 41020 (b) (3), if the governing board of a Local Educational Agency (LEA) does not have an audit contract in place by April 1, the County Superintendent of Schools, having jurisdiction over the LEA, shall provide for the audit and charge the LEA's fund for the cost incurred.	Explore with Charter Impact support	Yes	No	https://leginfo.ca.gov/faces/codes_displaySection.xhtml?sectionNum=41020.&lawCode=EDC
FINANCE	Apr-01	File a Form 700 - Statement of Economic Interests (SEI) : The requirement is part of the Political Reform Act enacted in 1974, which was passed by California voters to promote integrity in state and local government by helping agency decision makers avoid conflicts between their personal interests and official duties. Depending on your local authorizer's conflict of interest policies, certain charter school officers and employees may be required to file Statements of Economic Interest with a filing officer by the April 1 deadline.	Explore	Yes	Yes	https://www.fopc.ca.gov/Form700.html
FINANCE	Apr-15	Special Education Federal Expenditure Report #2 due to SELPA - Interim financial reporting for actuals through March 31 are due to SELPA.	Charter Impact	No	No	
FINANCE	Apr-30	ASES - 3rd Quarter Expenditure Report - The ASES Program funds the establishment of local after school education and enrichment programs. These programs are created through partnerships between schools and local community resources to provide literacy, academic enrichment and safe constructive alternatives for students in kindergarten through ninth grade (K-9).	Charter Impact or After School Provider	No	No	https://www.cde.ca.gov/ls/ex/asesupdates.asp
FINANCE	Apr-30	Federal Cash Management - Period 4 - The Title I, Part A; Title I, Part D, Subpart 2; Title II, Part A; Title III LEP; Title III Immigrant; and Title IV programs under the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the ESSA, will utilize the Federal Cash Management program. Charter schools that are awarded a grant under any of these programs must submit the CMDC report for a particular quarter in order to receive an apportionment for that quarter; CDE will apportion funds to LEAs whose cash balance is below a certain threshold.	Charter Impact	No	No	https://www.cde.ca.gov/fg/aa/cm/
DATA	May-06	CALPADS End-of-Year 1, 2, 3 and 4 - The data submission window opens on May 5, 2026 and closes on June 26, 2026. End-of-Year data includes: Course completion, program eligibility/participation, homeless students, student discipline, cumulative enrollment, student absence, postsecondary, RFP count, work-based learning indicator, CTE, postsecondary outcomes for Students with Disabilities and SpED.	Charter Impact with Explore support	No	No	https://www.cde.ca.gov/ds/sp/c/
FINANCE	May-15	Extended Due Date - Form 990 - The IRS Form 990 is the annual information return filed by most non-profit charter schools. The form should be reviewed and accepted by the Board prior to filing.	Explore/Audit firm	Yes	No	http://www.publiccounsel.org/useful_materials?id=0025
FINANCE	Board approval before June 30	Local Control and Accountability Plan - The LCAP is a three-year plan that describes the goals, actions, services, and expenditures to support positive student outcomes that address state and local priorities. The LCAP provides an opportunity for local educational agencies (LEAs) to share their stories of how, what, and why programs and services are selected to meet their local needs. The components of the LCAP for the 2026-2027 LCAP year must be posted as one document assembled in the following order: LCFF Budget Overview for Parents Plan Summary Engaging Educational Partners Goals and Actions Increased or Improved Services for Foster Youth, English Learners, and Low-income students Action Tables Instructions The LCAP must be presented at the same public meeting as the budget, preceding the budget hearing. Local Indicators Report - Information Item LCAP Public Hearing Approval of the LCAP (Adoption) Approval of the Budget (Adoption)	Explore with Charter Impact support	Yes	No	https://www.cde.ca.gov/re/lc/
FINANCE	Board approval before June 30	Submit Preliminary Budget Plan to Authorizer - Charter Schools are required to submit their annual budgets to their authorizer by the authorizer-imposed deadline. Authorizers then use the budget to determine if the Charter School has reasonable financial health to sustain operations. The budget must be presented at the same public meeting as the LCAP, following the budget hearing.	Charter Impact	Yes	No	https://www.cde.ca.gov/fg/sf/fr/calendar23district.asp
FINANCE	Board approval before June 30	Education Protection Account (EPA) spending plan - The governing board is required to approve a spending plan for EPA funds prior to recording allocable expenses for the year. This approval is not required by June 30th but is commonly approved during the annual budget adoption meeting for the upcoming year.	Charter Impact	Yes	No	https://www.cde.ca.gov/fg/aa/pa/pafa.asp
FINANCE	Board approval before June 30	Complete Consolidated Application reporting - Spring - The Consolidated Application (ConApp) is used by the California Department of Education (CDE) to distribute categorical funds from various state and federal programs to county offices, school districts, and direct-funded charter schools throughout California. Annually, in May, each local educational agency (LEA) submits the spring release of the application to document participation in these programs and provide assurances that the district will comply with the legal requirements of each program.	Charter Impact with Explore support	Yes	No	https://www.cde.ca.gov/fg/aa/co/index.asp
FINANCE	Jun-20	Certification of the Second Principal Apportionment - The Principal Apportionment includes funding for the Local Control Funding Formula, which is the primary source of an LEA's general purpose funding; Special Education (AB 602); and funding for several other programs. The Second Principal Apportionment (P-2), certified by June 20, is based on the second period data that LEAs report to CDE in April and May. P-2 supersedes the P-1 Apportionment calculations and is the final state aid payment for the fiscal year ending in June.	FYI	No	No	https://www.cde.ca.gov/fg/aa/pa/
FINANCE	Jun-30	Prop 28 Annual Certification - Local educational agencies (LEAs) must annually certify that all funds will be used to provide arts education programs, among other assurances.	Charter Impact with Explore support	No	No	https://www8.cde.ca.gov/ams
DATA	Jun-30	Principal Apportionment Data Collection - End-of-Year ADA data must be reconciled and submitted to Charter School authorizers for funding purposes. All attendance data collected from the first day of school to June 30 must be included in this submission. Due dates may vary and are prescribed by the schools' authorizer. The Principal Apportionment includes funding for the Local Control Funding Formula, which is the primary source of an LEA's general purpose funding; Special Education (AB 602); Expanded Learning Opportunities Program; and funding for several other programs. The Principal Apportionment is a series of apportionment calculations that adjust the flow of state funds throughout the fiscal year as information becomes known.	Charter Impact with Explore support	No	Yes	https://www.cde.ca.gov/fg/aa/pa/index.asp
DATA	Jun-30	English Language Proficiency Assessment - Students must be reclassified as fluent English proficient (RFP) on or before 6/30 per the school's reclassification criteria. Reclassification is the process whereby a student is reclassified from English learner (EL) status to Fluent English Proficient (RFP) status. Reclassification can take place at any time during the academic year, immediately upon the student meeting all the criteria. General information on how to setup, monitor and report students' RFP status can be found at the website within the Notes column.	Explore with Charter Impact support	No	No	https://www.cde.ca.gov/sp/el/rd/
OPERATIONS	Jun-30	Approve school calendar and instructional minutes - 180/175 days charter schools and are allowed to shorten instructional year by 5 days without fiscal penalty. Kindergarten ~ 600 hours; Grades 1-3 ~ 840 hours; Grades 4-8 ~ 900 hours; Grades 9-12 ~ 1080 hours	Explore with Charter Impact support	Yes	No	https://www.cde.ca.gov/fg/aa/pa/lcfitfaq.asp
FINANCE	Jun-30	Executive School Leadership Review Evaluation - The board of directors is responsible for hiring and establishing the compensation (salary and benefits) of the executive director by identifying compensation that is "reasonable and not excessive". The board conducting the review should document who was involved and the process used to conduct the review, as well as the disposition of the full board's decision to approve the executive director's compensation (minutes of a meeting are fine for this). The documentation should demonstrate that the board took the comparable data into consideration when it approved the compensation.	Explore	Yes	No	This is an IRS requirement for Executive Director positions. If needed, Charter Impact can provide data on comparable salaries for your organization's Board of Directors.
GOVERNANCE	Jun-30	Review your Homeless Education Policy - A Homeless Education Policy is used to ensure that your school is compliant with key provisions of the Education for Homeless Children and Youths Act. It is also used to collect the contact information for your required designated homeless liaisons at your school. All schools are required to establish a board approved Homeless Education Policy.	Explore	No	No	https://www.cde.ca.gov/sp/hs/cv/strategies.asp
GOVERNANCE	Jun-30	Review your Parental Involvement Policy - Every local educational agency (LEA) in California must have a parental involvement policy: Federal requirement (LEAs accepting Title I funds). State requirement (California Education Code [EC] for non-Title I schools. Parents must be involved in how the funds reserved for parental involvement will be allocated for parental involvement activities. Keep minutes and sign-in sheets documenting these discussions. The California Department of Education (CDE) reviews the Consolidated Application and Reporting System (CARS) to see if the required reservation has been made.	Explore	Yes	No	https://www.cde.ca.gov/sp/sw/t1/parentfamilyinvolve.asp

This list is intended to be as comprehensive as possible for financial items, but the addition of new state funds and additional compliance tracking is complicated and ever-changing. If we become aware of additional due dates for financial items, we will be sure to update you. If there are compliance items for programmatic reporting, Charter Impact is often left off the emails from the CDE, so please be sure to read any correspondence you receive from the CDE, as well as aggregating information from other sources – California Charter School Association, Charter School Development Center, School Services of California, etc. to stay on top of the charter reporting landscape.

FY25-26 ADA Cash Flow Scenario

Period	ADA	Funding										
PY P2	118.97	1,551,698										
CY P1	68.60	917,053										
CY P2	66.87	895,347										

Month:	July	August	September	October	November	December	January	February	March	April	May	June	Total	
	80,609	80,609	145,097	145,097	145,097	145,097	145,097	6,070	6,070	6,070	6,070	(15,636)	100%	
PY Adjustment								(5,975)	(5,975)	(5,975)	(5,975)			
	= \$886,703							= \$379				= -\$15,636	895,347	

Month:	July	August	September	October	November	December	January	February	March	April	May	June	Total	
	=.05*1551698.00000001						=.09*1551698.00000001							
							=(917053-(886703))/5+(-29876/5)					=895347	100%	

April 23, 2026

VIA EMAIL

Cecilia Iglesias
Explore Academy- Executive Director
2190 North Canal St.
Orange, CA 92865
(949) 994-8084
ciglesias@explorepublicschools.org

Re: Consent to Temporary Suspension of Monthly Principal Installments in connection with that certain loan made by EAOC Funding I, LLC (the “Lender”) to EXPLOREK12 (the “Borrower”) in the amount of \$750,000, as evidenced by that certain Loan and Security Agreement dated as of June 1, 2024, along with the Promissory Note and any other ancillary documents (collectively, the “Loan”)

Dear Ms. Iglesias,

This letter serves as formal notification that Lender consents to Borrower’s request for a temporary suspension of the agreed-upon monthly principal installments for the Loan. We wish to clarify for the record that the Loan mandates only annual principal payments. The monthly installments were a separate arrangement established via email. As the Lender, we are providing this official allowance to suspend these monthly principal installments for the upcoming period as outlined below.

Please take note of the following terms regarding this suspension:

- 1. Suspension Period:** Effective June 1, 2026, through May 1, 2027, the agreed upon monthly principal installments are suspended (the “Suspension Period”).
- 2. Mandatory May 2026 Payment:** This suspension does not apply to the mandatory \$100,000 principal payment due on May 25, 2026. This payment remains due in full as required by the Loan.
- 3. Interest Obligations:** Regular monthly interest payments required under the Loan must continue to be made on their current schedule without interruption.
- 4. Repayment:** The total principal amount deferred during the Suspension Period (the “Suspended Amount”) remains due in full no later than May 25, 2027 (the “Due Date”). The Borrower shall satisfy this obligation either by (i) a lump-sum payment of the total Suspended Amount on the Due Date, or (ii) flexible “catch-up” installments prior to the Due Date of the total Suspended Amount subject to terms agreed upon by the Lender and Borrower. Thereafter, all principal payments shall return to being made in accordance with the principal schedule defined in the Loan.
- 5. Reservation of Rights:** This consent is a temporary accommodation. All terms of the Loan remain in full force and effect. This consent does not constitute a waiver of any rights or remedies available to the Lender under the Loan. Lender reserves the right to enforce all terms of the Loan Documents, including the Promissory Note, and to re-evaluate the necessity of monthly installments should the Borrower’s financial performance change in the future.

Sincerely,
EAOC Funding I, LLC



R. Jeffrey Sands
Managing Director

PROPOSED Notice of Violation

- Classified Salary Schedule
- Payroll Reconciliation Documentation
- Federal Grant Eligibility and Expenditure Support
- Supporting Documentation for Accounts Payable Transactions

The documents requested by FCMAT generally constitute public records subject to disclosure under the California Public Records Act, with appropriate redactions.

VI. OPPORTUNITY TO CURE

Pursuant to Education Code section 47607 and Title 5, California Code of Regulations section 11968.5.2, Explore is provided an opportunity to cure the violations identified in this Notice of Violation. During the remedy period, 5 CCR 11968.5.2, provides that upon receipt of a Notice of Violation, Explore, if it chooses to respond, shall take the following actions:

- Submit to the chartering authority a detailed, written response addressing each identified violation which shall include the refutation, remedial action taken, or proposed remedial action by the charter school specific to each alleged violation. The written response shall be due by the end of the remedy period identified in the Notice of Violation.
- Attach to its written response supporting evidence of the refutation, remedial action, or proposed remedial action, if any, including written reports, statements, and other appropriate documentation.

EXPLORE'S WRITTEN RESPONSE AND ALL SUPPORTING EVIDENCE MUST BE SUBMITTED TO OCDE NO LATER THAN MAY 15, 2026, AT 5:00 P.M.

This deadline provides Explore with a reasonable opportunity to cure the violations identified in this Notice. It reflects Explore's request for additional time through May to develop and support revised enrollment projections. The cure deadline is firm, and no extensions will be granted. Failure to submit a timely response and supporting documentation by the stated deadline will constitute a failure to cure.

VII. REMEDIAL ACTION

If Explore elects to cure the violations identified in this Notice through remedial action, Explore must demonstrate that it has implemented corrective actions, supported by objective and verifiable evidence, sufficient to correct the violations. The remedial actions described below identify the standards by which OCDE will evaluate whether Explore cured the violations through corrective action.¹

A. Enrollment Stabilization and Verification

¹ Nothing in this section shall be construed to limit Explore's ability to refute any alleged violation or demonstrate that the violations have otherwise been cured.

PROPOSED Notice of Violation

To cure violations related to enrollment overstatement and fiscal instability, Explore shall demonstrate that it has achieved and can sustain enrollment at a level sufficient to support fiscal solvency.

REMEDIAL ACTION 1: Explore shall demonstrate confirmed student enrollment (not projected) of no fewer than 105 students for the 2026–27 school year as of May 15, 2026, verified by contemporaneous enrollment records acceptable to OCDE.

REMEDIAL ACTION 2: Explore shall submit a board-approved Enrollment Stabilization Plan supported by objective data. The Enrollment Stabilization Plan shall include:

- a. Current enrollment by grade level,
- b. Documented recruitment and retention strategies that have already been implemented, and
- c. evidence-based enrollment projections for the current fiscal year and the subsequent two fiscal years, grounded in verified enrollment data.

B. Fiscal Stabilization and Recovery

To cure violations related to fiscal mismanagement and structural deficit spending, Explore shall adopt and implement a Fiscal Stabilization and Recovery Plan that demonstrates a credible and sustainable path to long-term fiscal solvency.

REMEDIAL ACTION 3: Explore shall adopt and implement a board-approved Fiscal Stabilization and Recovery Plan demonstrating a credible and sustainable path to fiscal solvency. The Fiscal Stabilization and Recovery Plan shall:

- a. Eliminate ongoing structural deficits within a defined and reasonable timeframe.
- b. Restore a positive unrestricted fund balance and meet minimum recommended reserve levels.
- c. Be supported by revised multi-year financial projections based on verified enrollment data.
- d. Identify specific expenditure reductions, staffing adjustments, and operational changes that have been implemented or will be implemented immediately upon board approval.
- e. Demonstrate fiscal solvency without reliance on speculative revenue sources, unsupported enrollment growth, or additional borrowing.

C. Cash Flow Solvency and Liquidity Controls

To cure violations related to cash management and liquidity risk, Explore shall demonstrate the ability to maintain sufficient cash flow to meet ongoing financial obligations.

REMEDIAL ACTION 4: Explore shall submit monthly cash flow projections for the remainder of the current fiscal year and the subsequent fiscal year, based on verified revenues and expenditures. Cashflow projections must demonstrate:

- a. Ability to maintain positive cash balances sufficient to meet payroll, debt service, and vendor obligations.

PROPOSED Notice of Violation

- b. Explore can meet debt service obligations without impairing instructional operations.

D. Internal Fiscal Controls and Oversight

To cure violations related to internal controls, Explore shall demonstrate that it has implemented effective fiscal oversight mechanisms.

REMEDIAL ACTION 5: Explore shall adopt board-approved fiscal policies governing purchasing, cash management, and contract approval.

- a. Explore shall implement and enforce a purchase order and expenditure approval system that prevents expenditures in excess of budgeted or available cash.
- b. Explore shall implement a position control system aligned with verified enrollment and board-adopted staffing ratios.
- c. Explore shall provide evidence that internal fiscal controls are operational and actively enforced.

REMEDIAL ACTION 6: Explore shall provide fully executed contracts from January 2026 to May 2026 for all fiscal, operational, and instructional service providers.

REMEDIAL ACTION 7: Explore shall wholly and promptly respond to all lawful requests by OCDE, including all outstanding past-due documents previously requested by OCDE.

E. Board Approval and Certification of Remedial Action

REMEDIAL ACTION 8: Explore's response to this Notice must be approved by its governing board at a duly noticed public meeting and must include a board resolution certifying the accuracy and completeness of all submitted information. The response must be supported by documentation demonstrating that remedial actions have been implemented, rather than merely proposed or planned.

VIII. CONCLUSION

Following the conclusion of the reasonable opportunity to cure provided in this Notice, the Orange County Board of Education and the Orange County Department of Education will review and evaluate Explore's written response and any supporting evidence submitted to determine whether the violations identified in this Notice have been cured. Based on that evaluation, the Orange County Board of Education and the Orange County Department of Education will take such further action as may be appropriate and authorized under Education Code section 47607.



Certified Public Accountants serving
K-12 School Districts and Charter
Schools throughout California

March 19, 2026

Governing Board and Management
Explore K12
dba Explore Academy
2190 North Canal St.
Orange, CA 92865

We are pleased to confirm our understanding of the services we are to provide for Explore Academy for the fiscal year ending June 30, 2026.

Audit Scope

We will conduct an audit of the financial statements of Explore Academy, (the "Organization"), which comprise the statement of financial position as of June 30, 2026, the related statements of activities, functional expenses and cash flows for the year then ended. Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our 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 (GAAS), and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements.

1. LEA Organization Structure
2. Schedule of Expenditures of Federal Awards (if Uniform Guidance applies*)
3. Schedule of Average Daily Attendance
4. Schedule of Instructional Time
5. Reconciliation of Financial Reports – Alternative Form or Annual Financial and Budget Report with Audited Financial Statements

*A Federal Single Audit under Uniform Guidance is applicable in any year that the Organization expends more than the Single Audit Threshold in Federal funds.

Audit Objectives

The objectives of our audit 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 issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America, and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as whole. 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. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with Government Auditing Standards.

348 Olive Street
San Diego, CA
92103

O: 619-270-8222
F: 619-260-9085
christywhite.com

- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations, if applicable
- An opinion (or disclaimer of opinion) on compliance with the types of compliance requirements described in the Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, prescribed in Title 5, California Code of Regulations, section 19810.

Auditor's Responsibilities

We will conduct our audit in accordance with GAAS, the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the Single Audit Act Amendments of 1996, and the provisions of the Uniform Guidance, and the Guide for Annual Audits of K-12 Local Education Agencies and the State Compliance Reporting and will include test of accounting records, a determination of major program(s) in accordance with Uniform Guidance (if applicable), and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS and Government Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations are attributable to the Organization or to acts by management of employees acting on behalf of the Organization. Because the determination of waste and abuse is subjective, Government Auditing Standards do not expect auditors to perform specific procedures to detect waste or abuse in financial audit nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and Government Auditing Standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will also conclude, based on the audit evidence obtained, 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 a reasonable period of time.

Audit Procedures-Internal Controls

We will obtain an understanding of the Organization and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion.

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, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards.

As required by the Uniform Guidance (if applicable), we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, Government Auditing Standards, and the Uniform Guidance.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Organization's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to Government Auditing Standards.

When applicable, the Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the OMB Guidance Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the Organization's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the Organization's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance. A Federal Single Audit under Uniform Guidance becomes applicable when the Organization expends more than the Single Audit Threshold in Federal funds in any given year.

Tax Preparation and Other Services

We will prepare your annual informational returns for the IRS (Form 990 or 990-EZ, as appropriate) and Franchise Tax Board (Form 199) with supporting schedules, and perform related research as considered necessary for the fiscal year ending June 30, 2026. We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the Organization in conformity with accounting principles generally accepted in the United States of America and the Uniform Guidance based on information provided by you. Our work in connection with the preparation of the tax returns does not include any procedures designed to discover defalcations or other irregularities, should any exist. The returns will be prepared solely from information provided to us without verification by us.

These non-audit services do not constitute an audit under Government Auditing Standards and such services will not be conducted in accordance with Government Auditing Standards. We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statements, schedule of expenditures of federal awards, related notes, and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the informational returns, but management must make all decisions with regard to those matters.

Certain communications involving tax advice are privileged and not subject to disclosure to the IRS. By disclosing the contents of those communications to anyone or by turning over information about those communications to the government, you, your employees, or agents, may be waiving this privilege. To protect this right to privileged communication, please consult with us or your attorney prior to disclosing any information about our tax advice. Should you decide that it is appropriate for us to disclose any potentially privileged communication; you agree to provide us with written advance authority to make that disclosure.

The IRS permits you to authorize us to discuss, on a limited basis, aspects of your return for one year after the due date of the return. Your consent to such a discussion is evidenced by checking a box on the return. Unless you tell us otherwise, we will check that box authorizing the IRS to discuss your return with us.

If, during our tax preparation, we discover information that affects your prior-year tax returns, we will make you aware of the facts. However, we cannot be responsible for identifying all items that may affect prior-year returns. If you become aware of such information during the year, please contact us for the best resolution of the issue.

Management Responsibilities

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of financial statements, schedule of expenditures of federal awards, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance (if applicable); (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the Organization from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, if applicable, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance (if applicable); (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance (if applicable); (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on the organization's website, you understand that electronic sites are a means to distribute information, and therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

With regard to tax preparation, it is your responsibility to provide us with all the information required for preparing complete and accurate returns. You are responsible for the safeguarding of assets, the proper recording of transactions in the books of accounts, the substantial accuracy of the financial records, and the full and accurate disclosure of all relevant facts affecting the return(s) to us. You also have final responsibility for the tax return and, therefore, the appropriate officials should review the return carefully before an authorized officer signs and files it.

You agree to assume all management responsibilities for the tax services, financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter the tax services provided and our assistance with preparation of the financial statements, the schedule of expenditures of federal awards, and related notes and that you have evaluated the adequacy of our services and have reviewed and approved the results of the services, the financial statements, the schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Reporting

We will issue written reports upon completion of our audit. Our reports will be addressed to the Governing Board of Explore Academy. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

The Government Auditing Standards report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. If issued, the Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

With regard to including the auditor's report in an exempt offering document, you agree that the aforementioned auditor's report, or reference to Christy White, Inc, will not be included in any such offering document without our prior permission or consent. Any agreement to perform work in connection with an exempt offering document, including an agreement to provide permission or consent, will be a separate engagement.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing. We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

We will provide an electronic and up to ten copies of our reports to the Organization, however, management is responsible for distribution of the reports and the financial statements. We will file the report by the published deadline with the Office of the State Controller, California Department of Education, the authorizing agency(ies) of the Organization's charter school(s), and, if different, the applicable County Office of Education and/or Superintendent of Schools where each charter school operates. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

If a Federal Single Audit under Uniform Guidance is performed, we will complete the appropriate section of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through and/or granting entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the audit period.

By your signature below, you acknowledge the audit documentation for this engagement is the property of Christy White, Inc and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Office of the State Controller or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Christy White, Inc personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the Office of the State Controller. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation. Christy White, Inc does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. It is your responsibility to retain and protect your records (which includes any work product we provide to you as well as any records that we return) for possible future use, including potential examination by any government or regulatory agencies. Christy White, Inc does not accept responsibility for hosting client information; therefore, you have the sole responsibility for ensuring you retain and maintain in your possession all your financial and non-financial information, data and records.

We expect to begin our audit as soon as possible and to issue our reports by the published deadline. The annual fee for professional services under the terms of this agreement shall not exceed the following agreed upon amounts:

	<u>2025-26</u>
Audit Services*	\$ 19,000
Tax Preparation:	2,000
Total Cost of Professional Services	<u>\$ 21,000</u>

*If a Federal Single Audit under OMB Uniform Guidance (UG) becomes applicable during any given year, an additional \$5,000 will be added to the annual audit fee. A Federal Single Audit under OMB UG is applicable in any given year that the Organization expends more than the Single Audit Threshold in Federal funds.

The annual fee for auditing services shall not exceed the above amounts, with the exception that any auditing services provided for (1) significant changes in audit requirements as stated in Government Auditing Standards or the Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting issued by the Education Audit Appeals Panel, or (2) any changes in the number of charter schools or other programs operated by the Explore Academy during the period under this agreement, shall be in addition to the above fee. The ability to perform and complete the engagement consistent with the estimated fee included above depends upon the quality of the underlying accounting records and the timeliness of personnel in providing information and responding to requests. A failure to provide this information in an accurate and timely manner may result in an increase in fees and/or a delay in the completion of the engagement.

Optional tax preparation services will only be performed if noted as agreed upon by selection of “audit and tax preparation” in your response. Selection of “audit only” will exclude our responsibilities to perform the tax preparation services noted within this letter unless these services are outlined in a separate engagement letter. Our responsibilities do not include preparation of any other tax returns not previously mentioned that may be due to any taxing authority.

Our invoices for these fees will be rendered upon completion of fieldwork as follows: 25% of contract upon completion of site testing and/or planning, 25% of contract upon completion of interim testing and 50% of contract upon completion of year end fieldwork and are payable on presentation. In accordance with Education Code Section 14505 as amended, ten percent (10%) of the audit fee shall be withheld pending certification of the audit report by the Office of the State Controller and fifty percent (50%) of the audit fee shall be withheld for any subsequent year of a multi-year contract if the prior year’s audit report was not certified as conforming to the reporting provisions of the Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. For tax preparation services, each annual engagement will be complete upon the delivery of completed tax returns to you.

In the event that the nonprofit organization operating a single charter school experiences a school closure, a retainer in the full amount of the annual contract would be deemed necessary prior to beginning services for that year.

If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our reports. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

No Legal Services

Explore Academy acknowledges and agrees that Christy White, Inc does not provide legal services or licensed accounting services, and such licensed professional services are not included within the services which Christy White, Inc may provide under this Agreement. Explore Academy agrees to consult a lawyer and/or licensed accountant if Explore Academy seeks legal or accounting advice, and shall not rely on Christy White, Inc for such advice, consultation or services.

Indemnification

Explore Academy shall indemnify Christy White, Inc and hold harmless its directors, officers, employees, and agents from and against any and all actions, claims, damages and losses, including attorney's fees that may arise out of or in any way result from the negligent or intentional acts, errors; or omissions of Explore Academy. To the extent that Explore Academy properly directs Christy White, Inc, and to the extent that Christy White, Inc fails to properly perform the Services, Christy White, Inc shall indemnify and hold Explore Academy and its officers and employees harmless from and shall defend at its own expense all claims, demands, or suits at law or equity arising in whole or in part, but only to the extent that they arise from Christy White, Inc's active negligence or express breach of its obligations under this Agreement. Nothing in this Agreement shall require Christy White, Inc to indemnify Explore Academy against claims, demands or suits based upon intentional or negligent acts of Explore Academy, its agents, officers or employees.

Informal Dispute Resolution and Mediation

If any dispute arises among the parties, they agree to first try in good faith to settle the dispute within 7 business days following written notice thereof by communications between themselves. If the parties are unable to successfully resolve the dispute through such informal communications, then they shall attempt to do so within 45 days thereafter by mediation in San Diego County, California, either in person or by Zoom, under Rules for Professional Accounting and Related Services Disputes before resorting to binding arbitration. Any mediator chosen by the parties must have an accounting background unless they mutually agree in writing after the dispute has arisen to the selection of a mediator that does not have such an accounting background.

Binding Arbitration

The parties agree that any claim or controversy that is not resolved through the informal dispute resolution and mediation procedures described above, but which arises out of or relates to this agreement, or accountant's performance or non-performance of services including, without limitation, fees charged by accountant, professional negligence, malpractice, breach of fiduciary duty, and the like will be determined by binding arbitration before the Judicial Arbitration and Mediation Services (JAMS) office in San Diego, California, whether in person or by Zoom. The parties' consent to such jurisdiction and venue, unless they mutually select another venue in writing. Unless expressly set forth to the contrary herein, while the arbitration is pending, the parties shall share the costs of arbitration and arbitrator fees equally. Nevertheless, the arbitrator shall be empowered to reallocate such costs and fees to one side or the other as part of his or her final award. The arbitration will also utilize the then-prevailing comprehensive arbitration rules of JAMS, except that discovery may be taken in that arbitration pursuant to the California Code of Civil Procedure.

The arbitrator to be chosen by the parties shall have an accounting background unless they mutually agree in writing to the selection of an arbitrator that does not have an accounting background. If the parties are unable to agree on the selection of an arbitrator within 14 days after the commencement of the arbitration, then the arbitrator shall be chosen in accordance with the JAMS' rules for arbitrator selection. JAMS shall use its best efforts to include one or more arbitration candidates for the parties to choose from that have an accounting background.

Judgment may be entered upon the arbitrator's award by the San Diego Superior Court. Should Explore Academy refuse or neglect to appear or participate in the binding arbitration proceeding or pay for its share of the arbitration fees and costs, the arbitrator is empowered to decide the claim or controversy in accordance with the evidence presented.

Explore Academy should realize that by accepting arbitration, IT WILL WAIVE ITS RIGHT TO A JURY TRIAL AND THE RIGHT, EXCEPT UNDER LIMITED CIRCUMSTANCES, TO APPEAL THE ARBITRATOR'S DECISION.

Cooperation

This audit contract is null and void if the firm is declared ineligible to audit K-12 school districts pursuant to subdivision (c) of Education Code Section 41020.5. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Independence

Professional standards require us to be independent with respect to the company. Any discussions with our personnel regarding employment could pose a threat to our independence. Therefore, you agree to inform the engagement partner before having any such discussions.

In accordance with Government Auditing Standards, upon request, we will provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract.

Christy White, Inc has a non-licensee owner who may provide client services in your contract under the supervision of licensed owner.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



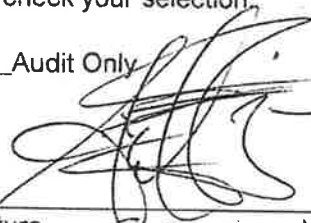
Marcy Kearney, CPA
Partner
Christy White, Inc.

RESPONSE:

This letter correctly sets forth the understanding of Explore Academy.

Please check your selection:

Audit Only Audit and Tax Preparation


Signature - Sal Tinajero

Board Chair
Title - Board Chair

03-24-2016
Date

EXPATiate COMMUNICATIONS
California Special Education Management Consulting

Special Education Comprehensive Services

Proposal

Prepared Exclusively for
Explore Academy

Expatriate Communications
excomweb.com | simplesped@excomweb.com | (310) 363-0349
Pasadena, California
April 3, 2026

Executive Summary

Explore Academy has built its reputation on a powerful premise: that every student — given the right choices, the right rigor, and the right support — can achieve at the college-preparatory level. That promise extends without exception to students with disabilities. Yet for many charter schools, special education is where institutional promises break down — not from lack of intention, but from lack of the right infrastructure.

Expatriate Communications is California's premier special education management consulting firm, and this proposal represents our commitment to becoming Explore Academy's dedicated partner in delivering on that promise. We do not provide staffing. We provide complete program management — the systems, oversight, compliance architecture, legal coverage, data integrity, and predictive intelligence that protect Explore Academy from risk while strengthening the academic experience of every student you serve.

Explore Academy's mission of choice, challenge, and college readiness is only fully realized when students with disabilities are served with the same rigor, individualization, and accountability as every other learner. That is what Expatriate delivers.

This proposal details the full scope of Expatriate's Comprehensive Special Education Services. It also describes iTAAP®, our optional predictive analytics platform, available to Explore Academy at additional cost should the school wish to deepen its data visibility with the CDE, its authorizer, and prospective families.

Why Explore Academy Needs More Than a Staffing Agency

When charter school leaders face SPED capacity gaps, the instinct is often to call a staffing agency. It feels like a faster, more flexible solution. But staffing agencies and program management firms are fundamentally different — and confusing the two carries serious risk for Explore Academy.

What Staffing Agencies Actually Deliver

- Bodies in seats — credentialed or classified staff placed to fill a vacancy
- No accountability for IEP quality, compliance timelines, or due process outcomes
- No systems for CALPADS submission, SELPA fiscal reporting, or CDE oversight response
- No legal coverage — when a due process complaint lands, you are on your own
- High turnover, inconsistent practice, and no institutional memory
- Zero visibility into whether your Dashboard metrics are moving toward or away from authorizer expectations

A staffing agency fills a chair. Expatriate manages a program.

The Real Cost of the Staffing Agency Model

Risk Area	What This Means for Explore Academy
Due Process Complaints	Legal defense, compensatory education awards, private placement orders, and attorney's fees — all uninsured. A single unresolved matter can cost \$50,000–\$250,000+.
IEP Non-Compliance	Missed timelines, inadequate assessments, and poorly drafted goals trigger CDE complaints, corrective action plans, and formal findings that follow your school through renewal.

Risk Area	What This Means for Explore Academy
Authorizer Scrutiny	Your authorizer reviews SPED compliance as part of renewal evaluation. Findings of systemic noncompliance can affect your renewal tier.
CALPADS Data Errors	Inaccurate SPED data in CALPADS corrupts your Dashboard metrics, triggers audits, and affects apportionment. Staffing agencies do not touch CALPADS.
Staff Turnover	High agency turnover means lost IEP history, discontinued services, and broken relationships with families — the fastest path to complaints and CDE investigations.
Dashboard Performance	LRE placements, Disproportionality, and Chronic Absenteeism among students with disabilities all feed directly into your California Dashboard color.

Expatriate eliminates all of these risks — not by adding oversight staff on top of a broken staffing model, but by replacing the model entirely with an integrated program management approach.

Why Expatriate Communications

A Team Built From Inside California's System

Expatriate's advisory and delivery team is not composed of general education consultants who pivoted to SPED. Every senior member has operated at the highest levels of California's special education governance structure:

- Former SELPA Directors — with direct operational experience managing LEA compliance, interagency coordination, fiscal reporting, and CDE relationships
- A former California Assistant Superintendent of Public Instruction — the single most credible voice for understanding CDE expectations and navigating authorizer oversight
- Administrators with hands-on charter school governance and AB 1505 renewal experience
- Legal coverage specialists embedded in direct program delivery — not engaged reactively after a complaint, but proactively protecting Explore Academy from the start

What This Means for Explore Academy

When your authorizer asks how you are managing special education, you will have a team on your side that has sat in the chairs across the table. When CDE issues a monitoring request, you will have someone who helped write the policies being reviewed. When a family initiates a due process complaint, you will have legal coverage that most charter schools can only access after the fact.

Expatriate does not learn on your students. We bring decades of California-specific SPED expertise to Explore Academy from day one.

Scope of Services

The following table details the complete Expatriate Comprehensive Services package as proposed for Explore Academy. All items listed as 'Included' are covered under the base service agreement.

Service / Scope	Cost Basis / Status
Speech Services, psychological assessments and counselling, IEP-based nursing, DHH including Legal Coverage for all Services provided by Expatiate (excludes SAI and Case Management). Services provided as needed for a high quality program, not hourly.	Flexible hourly billing (\$95–\$125/hr) with annual per-pupil cap of \$801 / Certified P2 prior year enrollment — whichever is less.
School Based Medi-Cal Reimbursement Consortium — Federal reimbursement for IEP-mandated services already being delivered. No fee to Explore Academy. All revenue passed through in full. All audit and compliance: Expatiate's responsibility.	Optional — No Cost to Participate
CALPADS Data Submission (SPED only)	Included
SELPA Assistance	Included
Maintenance of Effort (MOE) Compliance	Included
Charter Petition Writing	Discounted
Renewal Capacity Hearing Support	Included
Authorizer and CDE Oversight Assistance	Included
IEP Implementation Tracking (Including CDE Submissions)	Included
Cycle A / B / C Small District Compliance	Included
SECMS Compliance	Included
SELPA Fiscal Data Completion / PDR	Included
Child Find Systems	Included
iTAAP® — Real-Time CA Dashboard Predictor & Enrollment Intelligence Tool	Optional — Available at Cost

Billing Model: Transparent Hourly Billing with an Annual Per-Pupil Cap

Explore Academy gets the billing transparency of an hourly model — with the budget certainty of a fixed-cost cap. You are never exposed to unlimited hourly escalation, and you are never paying for a flat fee when services are light.

How It Works

Expatiate's direct clinical and program services — including speech therapy, psychological assessments, counselling, IEP-based nursing, and DHH services — are billed as used, at an hourly rate within the \$95–\$125 range. You are charged only for actual services delivered, and every hour is itemized on your invoice.

The critical distinction: all compliance-related work — including due process defense, corrective action response, CDE monitoring, SELPA coordination, and any settlement agreements — is fully absorbed by Expatiate within the annual per-pupil cap. These are not billable hours.

The Annual Per-Pupil Cap: Your Absolute Cost Ceiling

Direct Services: Billed as Used	Annual Cap: Your Hard Ceiling
\$95 – \$125 per hour Clinical and program services billed at actual hours used. Light years cost less. You pay only for what is delivered.	\$801 per enrolled student / year Maximum total cost — ever. Compliance, due process, settlements, and all unforeseen needs are absorbed by Expatiate above this threshold.

What the Cap Means in Practice

- You pay only for what is delivered. If Explore Academy's IEP service volume is relatively light in a given year, your invoice reflects only the hours actually used — which will be less than the cap.
- Unforeseen complexity never becomes your bill. If a year brings a due process matter, a surge in IEP assessments, a CDE monitoring cycle, or a mid-year enrollment spike — Expatiate absorbs the additional service burden.
- Compliance, due process, and settlements are fully covered. All costs associated with compliance defense, corrective action plans, due process hearings, and any settlement agreements are absorbed by Expatiate within the cap.
- No cancellation fees. If a session is missed due to student absence or school schedule, there is no penalty invoice.
- Documentation is Expatiate's responsibility. IEP preparation, progress notes, assessment reports, CDE submissions — all included within the cap, never billed separately.

Explore Academy's CFO or business manager will know the maximum SPED program cost on day one of the fiscal year — and on the last day, the actual cost will be equal to or less than that number.

Why Fixed-Cost Program Management Is the Right Model for Special Education

Expatiate's standard program is fixed-cost — and that is a deliberate choice grounded in how special education actually works. Unlike most service categories, SPED carries a uniquely unpredictable cost profile. Fixed-cost program management exists precisely to absorb that exposure. When Expatiate manages a program on a fixed-cost basis, we assume the risk of complexity.

A Special Arrangement for a New Partnership

Hourly billing is not Expatiate's standard model. We are offering this hybrid arrangement exclusively for Explore Academy as a new client, in recognition that you are navigating a period of change and are accustomed to per-hour pricing structures. The hybrid model gives you the billing transparency you are used to, while ensuring you never lose the financial protection and compliance coverage that fixed-cost program management was designed to provide.

As the relationship matures and Explore Academy experiences the full value of Expatiate's program management model firsthand, we anticipate transitioning to our standard fixed-cost structure — which will continue to protect the school at the same per-pupil ceiling.

iTAAP®: An Optional Add-On for Compliance Intelligence and Enrollment Growth

iTAAP® — Improving Academic Achievement Through Predictive Analytics — is a proprietary software platform developed exclusively by Expatiate Communications. It is available to Explore Academy as an optional add-on at additional cost, and is not required to receive the full benefit of Expatiate's program management services.

Purpose 1: Stay Ahead of Your Authorizer — Before They See the Data

Under AB 1505, Explore Academy's charter renewal is directly tied to its California Dashboard performance. iTAAP® gives Explore Academy's leadership team the ability to:

- See projected Dashboard colors in real time — months before CDE publishes official results
- Track CAASPP, ELPI, Chronic Absenteeism, LRE, Disproportionality, and IEP compliance in one integrated view
- Model interventions and see projected impact before committing resources
- Enter authorizer conversations and renewal hearings with data — not uncertainty
- Demonstrate to your authorizer that Explore Academy manages by evidence, not by reaction

Your authorizer already has access to your Dashboard data. iTAAP® makes sure Explore Academy sees it first — and has a plan.

Purpose 2: Drive Enrollment by Predicting Student Success

Explore Academy's college-preparatory mission is a powerful enrollment draw — but families of students with disabilities face an additional question: Will my child actually succeed here? iTAAP® allows Explore Academy to answer that question with data:

- Show prospective families projected performance pathways for students with similar profiles
- Demonstrate IEP implementation quality and academic growth trends that comparable programs cannot show
- Position Explore Academy as the only charter school in the area that can show a family how a student with an IEP is expected to perform and grow
- Differentiate Explore Academy from district schools and other charters that cannot offer this level of individualized, data-driven transparency

Families choose schools on trust and evidence. iTAAP® gives Explore Academy both — and turns data into an enrollment advantage rather than just information.

iTAAP® is available as an add-on at cost. A live demonstration can be arranged at your convenience. Contact simplesped@excomweb.com, call (310) 363-0349, or visit excomweb.com/itaap.

Compliance Architecture: Protecting Explore Academy

Authorizer Oversight

Authorizers conducting renewal reviews evaluate special education through the lens of the California Dashboard and through direct examination of IEP compliance, due process history, and SELPA membership obligations. Expatiate manages all of these relationships on Explore Academy's behalf — and provides direct support at renewal capacity hearings.

CDE Compliance Cycles

California's Cycle A/B/C compliance framework requires LEAs to submit documentation of special education practices across a rotating review calendar. Expatiate manages all cycle submissions for Explore Academy,

ensuring that responses are complete, accurate, and strategically framed — and that corrective action plans, if needed, are resolved quickly and cleanly.

SELPA Membership and Fiscal Obligations

As an independently governed charter school, Explore Academy's SELPA membership structure carries both rights and obligations. Expatiate oversees SELPA fiscal data completion, PDR submissions, and interagency coordination — so that Explore Academy's SELPA relationship remains a source of support, not a source of liability.

IEP Implementation and CDE Submissions

Every IEP carries a timeline. Every unmet timeline is a potential complaint. Expatiate's IEP implementation tracking system monitors compliance in real time and ensures that CDE submissions are accurate, on schedule, and documented — providing an auditable record of good faith and due diligence.

School Based Medi-Cal Reimbursement Consortium

Explore Academy is likely leaving federal Medi-Cal reimbursement dollars on the table every year. Most charter schools do. Expatiate's School Based Medi-Cal Consortium gives Explore Academy access to those funds — with Expatiate assuming all programmatic, compliance, audit, and legal risk.

What Is the School Based Medi-Cal Consortium?

Medi-Cal reimburses schools for medically necessary services provided to students under their IEPs — speech therapy, occupational therapy, nursing, and other related services that Explore Academy is already required to deliver. The problem: accessing these funds requires LEA Medi-Cal enrollment, billing infrastructure, eligibility tracking, DHCS compliance filings, annual audits, and specialized administrative expertise that most charter schools simply do not have. Expatiate's consortium is purpose-built to solve exactly this problem.

The Key Terms — Plain Language

- Explore Academy gets dollars back for all eligible services.
- Funds received from DHCS are passed through in full to Explore Academy. Expatiate is paid only after the school receives its funds.
- Expatiate assumes all programmatic, compliance, audit, and legal risk associated with the program.
- There is no encroachment on existing staff time — Expatiate manages the program through its own infrastructure.
- A single point of contact at Expatiate handles everything.

To be direct: Explore Academy collects the revenue. Expatiate does the work and carries the risk.

Participation is entirely optional and separate from Expatiate's Comprehensive Services agreement.

The Financial Case for Approving This Proposal

Small schools consistently choose the cheapest SPED option available — and consistently end up paying far more. The staffing agency model looks affordable until the moment it fails. And in special education, it always fails at the worst possible time.

Side-by-Side: True Cost Comparison

Cost Category	Staffing Agency / Minimal Support	Expatriate Hourly + Cap Program
Base SPED Services	Low monthly cost — with low quality and zero program accountability.	Itemized hourly billing (\$95–\$125/hr) capped at \$801/pupil/year. Every service included.
Billing Predictability	Hours billed continuously beyond scope. Cancellation fees charged. No ceiling.	Hard annual cap. No cancellation fees. Documentation within cap.
Due Process Litigation	Uninsured. \$50,000–\$250,000+ per matter.	Full legal coverage included. Zero litigation exposure.
CDE Corrective Action	School bears full burden. Compliance staff must be hired separately.	Expatriate manages all CDE responses and corrective action plans.
CALPADS / Data Errors	Staffing agencies do not touch CALPADS. Errors and audits are school's problem.	Expatriate owns all CALPADS SPED submissions and accuracy.
Annual Compliance Cycles	Not covered. School must engage separate consultants.	Cycle A/B/C compliance fully included within annual cap.
Medi-Cal Reimbursement	Not accessed. Revenue left uncollected.	Expatriate enrolls school, bills DHCS, passes through 100% of revenue.
Net Annual Cost	Full contractor cost — no offset.	Hourly fees (up to cap) substantially or fully offset by Medi-Cal reimbursement.

In practical terms: Explore Academy may pay Expatriate's fees (capped at \$801/pupil), collect Medi-Cal reimbursement it has never accessed before, and end the year with a net SPED program cost that is lower than what it is paying today for inferior coverage — while carrying zero litigation exposure and having former SELPA directors managing its compliance.

Pricing Overview

Service Component	Rate / Basis
Full SPED Program Management — Hourly Billing	\$95–\$125 / hour depending on service type
Annual Per-Pupil Cost Cap (Hard Ceiling)	\$801 / Certified P2 Prior Year Enrollment
School Based Medi-Cal Reimbursement Consortium	Optional — No Cost. All revenue passed through in full. Expatriate assumes all compliance, audit, and legal risk.
iTAAP® Predictive Analytics Add-On	Optional — Available at Cost
Charter Petition Writing	Discounted Rate

A detailed cost analysis based on Explore Academy's current P2 enrollment figures is available upon request.

Terms and Conditions

The following terms govern this engagement and are incorporated into this proposal upon execution of the signatures below.

1. Fees and Billing

Explore Academy agrees to pay Service Provider the fees described in this proposal. Direct clinical and program services are billed hourly at \$95–\$125 per hour depending on service type, subject to an annual hard cap of \$801 per Certified P2 prior-year enrolled student. All compliance-related work, due process defense, corrective action response, and documentation is absorbed within the cap. Invoices are issued monthly. Disputed invoices must be raised in writing within seven (7) days of receipt or are deemed final and payable. Undisputed invoices are due within ten (10) days of receipt. Late payments accrue a fee of \$100 per business day, up to \$1,000. Payment is not conditioned on Explore Academy's fiscal status.

2. Client Obligations

Explore Academy agrees to (a) cooperate with Service Provider and provide student records, IEPs, and other documents reasonably required; (b) make available appropriate workspace and facilities at no cost; (c) engage Service Provider in enrollment planning and child find activities; and (d) direct school staff to cooperate with Service Provider as reasonably needed.

3. Student Information and Privacy

Both parties shall comply with FERPA, COPPA, and applicable California student privacy laws. Service Provider is designated as having a legitimate educational interest in student records as necessary to perform services. Student personally identifiable information (PII) shall not be used for advertising or any purpose beyond service delivery. In the event of an unauthorized disclosure of PII, Service Provider shall notify Explore Academy promptly. Within sixty (60) days of agreement termination, Service Provider shall certify destruction or return of all protected student information.

4. Intellectual Property

Intellectual property created by Service Provider in the course of delivering services remains the property of Service Provider. Student records and data provided by Explore Academy remain the property of Explore Academy.

5. Confidentiality

Each party shall hold the other's non-public business information, student data, and trade secret information in strict confidence, use it only for purposes of this engagement, and not disclose it to third parties without prior written consent. Obligations of confidentiality survive termination.

6. Indemnification

Explore Academy shall indemnify Service Provider against losses arising from Explore Academy's failure to comply with its obligations under this agreement. Service Provider shall indemnify Explore Academy against losses arising from Service Provider's negligence, misconduct, or bad faith in rendering services.

7. Termination

Either party may terminate without cause upon 90 days' written notice. Either party may terminate for material breach not cured within 30 days of written notice. Service Provider may terminate immediately upon non-payment of undisputed fees more than 30 days past due. If Explore Academy loses its authorizer approval to operate, this agreement terminates as of the school's last operating day and Explore Academy is responsible only for services delivered through that date. Confidentiality, indemnification, and dispute resolution obligations survive termination.

8. Non-Solicitation

Explore Academy agrees not to directly solicit, hire, or retain any Service Provider employee or contracted agent while they are engaged with Service Provider and for one year thereafter. Violation entitles Service Provider to recover reasonable attorneys' fees and costs.

9. Dispute Resolution

The parties shall first attempt to resolve any dispute through good-faith executive negotiation within 30 days of written notice. If unresolved, disputes shall be submitted to binding arbitration in Los Angeles, California, administered by ADR Services, Inc. or JAMS (earliest availability). The prevailing party shall be entitled to recover its reasonable attorneys' fees and costs. Judgment on any award may be entered in any court of competent jurisdiction.

10. General

This agreement is governed by California law. It may not be assigned without written consent. Amendments require mutual written agreement. If any provision is found unenforceable, the remainder continues in effect. Neither party is liable for failures caused by events beyond reasonable control (force majeure). This proposal and these Terms and Conditions constitute the entire agreement between the parties on this subject matter and supersede all prior understandings.

Proposal Acceptance & Authorization

By signing below, the authorized representatives of Expatriate Communications and Explore Academy confirm their agreement to of this proposal.

EXPATIAE COMMUNICATIONS

EXPLORE ACADEMY

Authorized Signature _____

Authorized Signature  _____

Printed Name **Arjun Kushwaha**

Printed Name **Salvador Tinajero**

Title *Arjun Kushwaha*

Title **Board Chair**

Date **05/05/2026**

Date **5/11/2026**

Explore Academy

Time and Effort Policy and Procedures

Federal law requires employees funded with Restricted programs to complete timesheets to support Time Accounting documentation. Recipients of federal grants are required to implement internal controls that safeguard the integrity of their programs to achieve intended results. Time documentation is required to ensure that Explore Academy is properly charging salaries and wages that are reasonable, necessary and allowable in accordance with applicable program requirements. The Federal Education Department General Administrative Regulations (EDGAR) requires all employees who are fully or partially funded by federal programs to prepare and maintain time documentation.

PROGRAM/SITE MANAGER RESPONSIBILITIES

Each program/site manager must ensure that all federally funded employees and their supervisors are familiar with the time documentation guidelines and are complying with these requirements. *This includes training school staff* who are paid all or in part with federal funds on the basic purpose and intent of each federal program and why they are being paid, all or in part, with federal funds. Please review the Employee Guidelines outlined below.

EMPLOYEE GUIDELINES

All employees who are fully or partially funded by federal categorical funds must complete their time documentation on the approved forms. The type of documentation required depends on how the employee is funded and how many different grant activities (cost objectives) are assigned. Semi-annual or monthly reports are completed after the work period. Examples of categorically funded employees include instructional aides; teachers, resource teachers; parent liaisons, and many other classified and certificated employees.

There are three time-accounting forms used, depending on funding sources, work activities and schedule. Employees must fill out only one form that fits their position. The time accounting form must be certified by the proper designees (i.e. employee and/or supervisor). The employee's supervisor must have direct knowledge of the employee's activities.

TIME ACCOUNTING FORMS: SEMI-ANNUAL CERTIFICATION AND PERSONNEL ACTIVITY REPORT (PAR)

SEMI-ANNUAL CERTIFICATION for EMPLOYEES FUNDED 100% WITH ONE RESOURCE (See attached Exhibit A)

If an employee works 100% on one activity and is paid through one federal funding source only, (for example an instructional aide or resource teacher that is working at one school site and working on one goal on a set schedule), they will sign this form (see attached exhibit A) twice a year, which is submitted after each six month work period. These will be completed in January for the July-December work period, and again in June for the January-June work period.

SEMI-ANNUAL CERTIFICATION for MULTI-FUNDED EMPLOYEES WITH FIXED SCHEDULES FOR (See attached exhibit B)

Under the district's *Substitute Time Accounting System* certified in the *Consolidated Application Reporting System (CARS)*, if a multi-funded employee works on a single cost objective, their schedule does not change, and they stay in one location, they may complete the **SEMI-ANNUAL MULT-FUNDED CERTIFICATION** twice a year. The multi-funded certification must list funding sources and the respective percentage of each. In order to use this form (see attached exhibit B), the employee **must submit one accurate work schedule (see attached sample exhibit C)** with **each** Semi-Annual Certification form. The schedule must include information such as time periods, grades, and subjects.

REQUIRED REVIEW AND APPROVAL CYCLE:

Semi-Annual Certification: This form must be submitted in January (covering the July-December work period) and June (covering the January - June work period). In June, Semi-annuals can be signed on the last day of work for the employee's school year.

PERSONNEL ACTIVITY REPORT (PAR) - Calendar for Multiple Funding and Multiple Cost Objectives (see attached Exhibit D)

If an employee's work schedule varies daily or throughout the month, and/or the employee works at multiple sites, the employee should document their daily work schedule through a personnel activity report (PAR). The PAR (see attached exhibit D) should identify each program for which work was performed and the daily time dedicated to each program. The total documented time should account for the total activity for which each employee is compensated.

All multi-funded, multiple cost objective employees must complete PARs on a monthly basis.

REQUIRED REVIEW AND APPROVAL CYCLE:

Personnel Activity Report (PAR): After the last day of each month, the employee signs and submits their PAR completed, to their supervisor for review. The supervisor must date and sign the PAR after the end of the month and submit by the 10th of the following month. PARS should be signed or submitted by the last day of the following month.

RECONCILIATION PROCESS

Semi Annual Certification:

1. Program managers will collect the Semi-Annual Certification form from all employees that are required to complete it and ensure that all forms are received are complete; verify the single cost objective; and provide copies to the Finance department.

2. The Finance department reviews each semi-annual and compares it to the actual payroll expenditure ledger to confirm semi-annual certification agrees with the budgeted funding distribution. Managers are notified of discrepancies between resource allocation and time on semi-annual forms.

3. Any differences between the payroll distribution and actual duties performed must be adjusted unless the difference is within the de minimis benefit rule.

Personnel Activity Report (PAR):

1. Program managers will collect the PAR form from all employees that are required to complete it and ensure that all forms are received are complete, and provide copies to the Finance department.

2. The Finance department reviews each PAR and compares it to the actual payroll expenditure ledger to confirm reported time activity agrees with the budgeted funding distribution. Managers are notified of discrepancies between resource allocation and time on calendars.

3. Any differences between the payroll distribution and actual duties performed must be adjusted unless the difference is within the de minimis benefit rule.

4. Reconciliation occurs quarterly in July, October, January and April, to coincide with each budget or actuals reporting period.

RECORD RETENTION

All semi-annual certifications and PARs are filed in a binder by Fiscal Year and are retained by Explore Academy for a period of 5 years.

EXPLORE ACADEMY

Semiannual Certification Personnel with Single Cost Objective and One Resource

Employee Name: _____
School/Site: _____
Position: _____
Job description: _____

Single Cost Objective

This individual is budgeted and worked solely in the following program for the preceding six-month period.		
<u>Work Period</u>	<u>Program Name</u>	<u>Resource Code</u>
_____	_____	_____
To _____		

Certification: I hereby certify that this report is an after-the-fact determination of actual effort expended for the period indicated and that I have full knowledge of 100 percent of these activities.

Signature of Employee: _____ Date: _____
AND
Supervisor's Signature: _____ Date: _____
Supervisor's Name: _____ Supervisor's Title: _____

(Project Directors/Coordinators are required to maintain these time sheets for a period of five years)

Sample Predetermined Schedule

Employee Name: _____ Period Covered: _____

Position: _____ School/Division/Department: _____

Monday	Tuesday	Wednesday	Thursday	Friday
8:00–8:30 Consult with staff regarding Title I students/curriculum	8:00–8:30 Consult with staff regarding Title I students/curriculum	8:00–8:30 Consult with staff regarding Title I students/curriculum	8:00–8:30 Consult with staff regarding Title I students/curriculum	8:00–8:30 Consult with staff regarding Title I students/curriculum
8:30–8:45 Break	8:30–8:45 Break	8:30–8:45 Break	8:30–8:45 Break	8:30–8:45 Break
8:45–9:15 Special ed. support	8:45–9:15 Special ed. support	8:45–9:15 Special ed. support	8:45–9:15 Special ed. support	8:45–9:15 Special ed. support
9:15–10:00 Small group reading	9:15–10:00 Small group reading	9:15–10:00 Small group reading	9:15–10:00 Small group reading	9:15–10:00 Small group reading
10:00–10:30 Small-group math	10:00–11:00 Second-grade Title I reading/math	10:00–10:30 Small-group math	10:00–11:00 Second-grade Title I reading/math	10:00–10:30 Small-group math
10:30–11:00 Second-grade Title I reading/math		10:30–11:00 Second-grade Title I reading/math		10:30–11:00 Second-grade Title I reading/math
11:00–11:30 Lunch break	11:00–11:30 Lunch break	11:00–11:30 Lunch break	11:00–11:30 Lunch break	11:00–11:30 Lunch break
11:30–11:45 Individual special ed. student catch-up	11:30–11:45 Individual special ed. student catch-up	11:30–11:45 Individual special ed. student catch-up	11:30–11:45 Individual special ed. student catch-up	11:30–11:45 Individual special ed. student catch-up
11:45–12:35 Small-group math	11:45–12:35 Small-group math	11:45–12:35 Small-group math	11:45–12:35 Small-group math	11:45–12:35 Small-group math
12:35–1:05 Small-group writing	12:35–1:05 Small-group writing	12:35–1:05 Small-group writing	12:35–1:05 Small-group writing	12:35–1:05 Small-group writing
1:05–1:20 Break	1:05–1:20 Break	1:05–1:20 Break	1:05–1:20 Break	1:05–1:20 Break
1:20–1:40 Title I prep	1:20–1:40 Title I prep	1:20–1:40 Title I prep	1:20–1:40 Title I prep	1:20–1:40 Title I prep
1:40–2:30 First grade Title I reading/math	1:40–2:30 First grade Title I reading/math	1:40–2:30 First grade Title I reading/math	1:40–2:30 First grade Title I reading/math	1:40–2:30 First grade Title I reading/math
2:30–3:30 Title I lesson planning and student learning plan follow-up	2:30–3:00 Title I lesson planning	2:30–3:30 Title I lesson planning and student learning plan follow-up	2:30–3:00 Title I lesson planning	2:30–3:30 Title I lesson planning and student learning plan follow-up
	3:00–3:30 Bus duty		3:00–3:30 Bus duty	

Multitudes Terms and Conditions for California Public Schools

Effective Date: June 30, 2025

CA Public LEA (e.g. School, District): Explore Academy

Contact person first and last name: Cecilia Iglesias

Contact person email: ciglesias@explorepublicschools.org

These Terms and Conditions (the "Agreement") constitute a legal agreement between the Regents of the University of California, on behalf of *The Regents of the University of California, solely on behalf of and limited to the San Francisco Campus, acting on behalf of its employees who are leading the UCSF Multitudes program ("Multitudes")* and your California public local education agency (eg. school, school district, etc.), state agency, or other California public educational organization ("you" or "your organization") regarding the use of Multitudes' resources and services (the "Services"). By accessing or using the Services, you agree to comply with these Terms and Conditions and acknowledge that you are authorized to accept this Agreement on behalf of your organization.

1. Scope of Agreement

This Agreement governs your use of the Services provided by Multitudes which are available at no cost to California public schools. By accessing or using the Services, you confirm that:

- You are of legal age to accept this Agreement.
- You are authorized to accept this Agreement on behalf of your organization.
- Your use of the Services will comply with Multitudes' **Acceptable Use Policy** ("AUP").

If you do not agree to these terms, do not access or use the Services.

2. License to Use Services

Multitudes grants you a non-exclusive, non-transferable, non-sublicensable license to access and use the Services for educational purposes, in accordance with the AUP. Authorized users within your organization (including educators, administrators, and students) may access the Services. Use of the Services is limited to non-commercial, educational purposes. Violation of these terms or the AUP may result in suspension or termination of access.

3. Restrictions

You and your Authorized Users agree not to:

- Copy, modify, distribute, or create derivative works of the Services.

- Decompile, reverse engineer, or attempt to derive the source code of any software related to the Services.
- Remove or alter any copyright, trademark, or proprietary notices.
- Share access credentials or allow unauthorized users to access the Services.
- Use the Services in any manner that violates applicable laws.

Unauthorized works created using the Services are considered derivative works, and all rights, title, and interest in such works are assigned to Multitudes.

4. Confidentiality

Your organization may receive sensitive or proprietary information from Multitudes, such as assessment instruments or training materials (collectively, "Confidential Information"). You agree to:

- Use Confidential Information solely for the purposes of accessing and utilizing the Services.
- Protect Confidential Information from unauthorized disclosure.

Confidential Information does not include information that becomes publicly available without breach of this Agreement.

5. Student Data

Multitudes may collect or generate information related to students ("Student Data") as part of providing the Services. Student Data is controlled by your organization and used in accordance with applicable laws, including the **Family Educational Rights and Privacy Act (FERPA)** and the **Children's Online Privacy Protection Act (COPPA)**.

Multitudes serves as a "school official" under FERPA and will handle Student Data in accordance with its **Privacy Policy**. Your organization is responsible for ensuring necessary notices and consents are obtained for students' use of the Services.

Use of De-Identified Data for Research: Multitudes may also use de-identified Student Data for research purposes only. The data will be anonymized and will not contain any personally identifiable information. The research will be used to improve the Services and advance educational outcomes. By using the Services, your organization consents to the use of de-identified data for such research purposes, in accordance with applicable privacy laws and the Multitudes Privacy Policy.

6. Account Management

Your organization is responsible for managing user accounts, ensuring compliance with this Agreement, and securing login credentials. Multitudes is not liable for any unauthorized access resulting from your failure to secure accounts. You must notify Multitudes immediately of any suspected security breaches.

7. No Fees or Payments

The Services are provided at no cost to California public schools. As a publicly funded initiative, no fees or financial transactions are required for your organization's participation.

8. Warranty Disclaimer

The Services are provided "AS IS" without warranty of any kind, either express or implied. Multitudes disclaims all warranties, including but not limited to implied warranties of merchantability or fitness for a particular purpose. Your organization assumes responsibility for evaluating the suitability of the Services for its needs.

9. Limitation of Liability

To the fullest extent permitted by law, Multitudes shall not be liable for any indirect, incidental, special, consequential, or punitive damages arising from your use of the Services. The total liability of Multitudes under this Agreement is limited to efforts to correct or address issues with the Services.

10. Termination

This Agreement will remain in effect until terminated by either party. Confirmation of usage will be requested every school year. Multitudes may terminate access to the Services if your organization breaches any material term and fails to remedy the breach within 30 days after receiving written notice. Upon termination, all access to the Services will cease. Multitudes will retain or securely destroy Student Data as required by law.

11. Miscellaneous

- **Entire Agreement:** This Agreement constitutes the entire understanding between Multitudes and your organization regarding the Services and supersedes all prior agreements.
- **Governing Law:** This Agreement is governed by the laws of the State of California, without regard to its conflict of laws principles.
- **Severability:** If any provision of this Agreement is found to be unenforceable, the remainder will remain in effect.
- **Force Majeure:** Multitudes is not responsible for delays or failures due to circumstances beyond its control, such as natural disasters or technical failures.

12. Privacy Policy


Your use of the Services is also governed by the Multitudes **Privacy Policy**. This policy outlines how your organization's data, including Student Data, is collected, used, and protected. Additionally, the Privacy Policy provides further details on how de-identified data may be used for research purposes.

Signed by:

0057381FDRE84CA

CA Public LEA Representative

02/03/2026
Date

Signed by:

51066988911B438

*Regents of the University of California
solely on behalf of and limited to the San Francisco Campus
on behalf of UCSF Multitudes*

02/03/2026
Date

Certificate Of Completion

Envelope Id: B84B645E-107B-4E9F-B886-4465791DE3C9

Status: Completed

Subject: Complete with Docusign: CA Public School UCSF Multitudes Terms and Conditions - Explore Prime Acad.

Source Envelope:

Document Pages: 4

Signatures: 2

Envelope Originator:

Certificate Pages: 5

Initials: 0

Sharon Sanhotra

AutoNav: Enabled

1855 Folsom St

Envelopeld Stamping: Disabled

Suite 601

Time Zone: (UTC-08:00) Pacific Time (US & Canada)

San Francisco, CA 94103

sharon.sanhotra@ucsf.edu

IP Address: 2601:645:c581:4

Record Tracking

Status: Original

Holder: Sharon Sanhotra

Location: DocuSign

1/28/2026 11:51:24 AM

sharon.sanhotra@ucsf.edu

Signer Events

Cecilia Iglesias

ciglesias@explorepublicschools.org

Executive Director

Security Level: Email, Account Authentication (Optional)

Signature

Signed by:

D057581FD0A854CA

Signature Adoption: Pre-selected Style

Using IP Address:

2603:8001:3f00:66c2:1cf9:bd0c:47a7:9d3d

Timestamp

Sent: 1/28/2026 11:52:04 AM

Viewed: 1/29/2026 10:58:55 AM

Signed: 2/3/2026 8:39:29 AM

Electronic Record and Signature Disclosure:

Accepted: 1/29/2026 10:58:55 AM

ID: 0e681593-0ef7-457a-a32b-ef25a0b3afba

Francesca Pei

francesca.pei@ucsf.edu

COOKING

UCSF

Security Level: Email, Account Authentication (Optional)

Signed by:

510669ABB11B438

Signature Adoption: Pre-selected Style

Using IP Address: 64.54.15.149

Sent: 2/3/2026 8:39:30 AM

Viewed: 2/3/2026 9:29:44 AM

Signed: 2/3/2026 9:29:55 AM

Electronic Record and Signature Disclosure:

Not Offered via Docusign

In Person Signer Events

Signature

Timestamp

Editor Delivery Events

Status

Timestamp

Agent Delivery Events

Status

Timestamp

Intermediary Delivery Events

Status

Timestamp

Certified Delivery Events

Status

Timestamp

Carbon Copy Events

Status

Timestamp

SHARON SANHOTRA

sharon.sanhotra@ucsf.edu

Project Policy Analyst

Security Level: Email, Account Authentication (Optional)

COPIED

Sent: 2/3/2026 9:29:56 AM

Resent: 2/3/2026 9:29:58 AM

Viewed: 2/3/2026 9:54:25 AM

Electronic Record and Signature Disclosure:

Not Offered via Docusign

Witness Events**Signature****Timestamp****Notary Events****Signature****Timestamp****Envelope Summary Events****Status****Timestamps**

Envelope Sent

Hashed/Encrypted

1/28/2026 11:52:04 AM

Certified Delivered

Security Checked

2/3/2026 9:29:44 AM

Signing Complete

Security Checked

2/3/2026 9:29:55 AM

Completed

Security Checked

2/3/2026 9:29:56 AM

Payment Events**Status****Timestamps****Electronic Record and Signature Disclosure**

CONSUMER DISCLOSURE

From time to time, University of California, San Francisco (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through your DocuSign, Inc. (DocuSign) Express user account. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to these terms and conditions, please confirm your agreement by clicking the 'I agree' button at the bottom of this document.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. For such copies, as long as you are an authorized user of the DocuSign system you will have the ability to download and print any documents we send to you through your DocuSign user account for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. To indicate to us that you are changing your mind, you must withdraw your consent using the DocuSign 'Withdraw Consent' form on the signing page of your DocuSign account. This will indicate to us that you have withdrawn your consent to receive required notices and disclosures electronically from us and you will no longer be able to use your DocuSign Express user account to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through your DocuSign user account all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact University of California, San Francisco:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: it-cloudapps@ucsf.edu

To advise University of California, San Francisco of your new e-mail address

To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at it-cloudapps@ucsf.edu and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address..

In addition, you must notify DocuSign, Inc to arrange for your new email address to be reflected in your DocuSign account by following the process for changing e-mail in DocuSign.

To request paper copies from University of California, San Francisco

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an e-mail to it-cloudapps@ucsf.edu and in the body of such request you must state your e-mail address, full name, US Postal address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with University of California, San Francisco

To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your DocuSign account, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an e-mail to it-cloudapps@ucsf.edu and in the body of such request you must state your e-mail, full name, IS Postal Address, telephone number, and account number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Acknowledging your access and consent to receive materials electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the 'I agree' button below.

By checking the 'I Agree' box, I confirm that:

- I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC CONSUMER DISCLOSURES document; and
- I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and
- Until or unless I notify University of California, San Francisco as described above, I consent to receive from exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by University of California, San Francisco during the course of my relationship with you.

INDEPENDENT SERVICES AGREEMENT
Speech Therapy Services

The Independent Services Agreement (“Agreement”) is made as of **March 1, 2026**, by and between **Explore Prime Academy** (“Client”) and Edlogical Group (“Contractor”), a California corporation. Client and Contractor are each referred to herein as “Party” and collectively as the “Parties.”

WHEREAS, Client wishes to use the services of the Contractor for a particular project as more particularly described in the attached work order, and

WHEREAS, Contractor wishes to provide such services to Client;

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING, the parties agree as follows:

1. **Term.** This Agreement is effective as of the date first stated above and shall continue until June 30, 2026 and until the completion of the projects identified on the attached Work Order, subject to earlier termination pursuant to Section 17 hereof.

2. **Independent Contractor Status.** It is the express intention of the parties that Contractor is an Independent Contractor and not an employee, agent, joint venture, or partner of Client. Nothing in this agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between Client and Contractor or any employee or agent of Contractor. Both parties acknowledge that Contractor is not an employee for state or federal tax purposes. Contractor shall retain the right to perform services for others during the term of this Agreement. Contractor shall not be entitled to any employee or fringe benefits provided by Client to its employees.

3. **Services.** Contractor agrees to provide the services described in the attached work order on a project basis approved by the Client.

4. **Payment.** In consideration for the services to be performed by the Contractor, Client shall pay Contractor every month as described in the attached work order. Contractor shall submit invoices for all services rendered to the Client as described in the attached work order.

5. **Expenses.** Contractor shall be responsible for all costs and expenses incident to the performance of services for Client, including, but not limited to, all costs of equipment provided by Contractor, all fees, fines, licenses, bonds, or taxes required of or imposed against Contractor and all other costs of Contractor’s costs of doing business, except as described in the attached work order. Client shall not be responsible for any expenses Contractor incurs in performing services for Client, except as set forth on the attached work order.

6. Tools. Contractor will supply all tools and instrumentalities required to perform the services described in this Agreement. Contractor is not required to purchase or rent any tools, equipment, or supplies from Client.

7. Access to Information. Client agrees to comply with all reasonable requests of Contractor and provide access to all documents reasonably necessary to the performance of Contractor's duties under this Agreement.

8. Work Product. Unless the attached work order provides otherwise, any work product of Contractor, tangible and intangible, including but not limited to forms, procedure manuals, systems, reports and documents which are developed, first reduced to practice, or conceived in connection with this Agreement, shall become and remain the sole and exclusive property of Contractor and shall be deemed to be the exclusive trade secrets and copyrights of Contractor. Client will execute and deliver such documents as Contractor may reasonably request to confirm or protect the intellectual property rights of the work product.

9. Confidential Information. During the course of Contractor's engagement by Client, each party may disclose certain information to the other, which includes confidential or proprietary information, trade secrets, confidential customer information, and other information concerning Client's or Contractor's operations, policies, and procedures (collectively, "Information"). Each party shall use the information solely for the purpose of fulfilling its obligations under this Agreement and agrees that the information and any physical embodiments thereof are the property of the disclosing party and are to be held in strict confidence. Each party will take whatever steps are reasonably necessary to safeguard the confidentiality of information. The parties shall not make the Information available to third parties or to any employees or agents who do not have a need to know the Information and shall store the information and any physical embodiments of it in a secure place when it is not being used. At the disclosing party's request, the receiving party shall not remove, or shall return, all information to Client's premises. Contractor agrees to notify Client immediately and fully in writing of all circumstances surrounding any access to or possession of the Information of Client or any physical embodiments thereof by any person other than those authorized by this Agreement.

10. HIPAA Compliance. Contractor agrees and intends to protect the privacy and provide for the security of Protected Health Information ("PHI") pursuant to this Agreement in compliance with the Health Insurance Portability and Accountability Act of 1996, Public Law No. 104-191 ("HIPAA"), regulations promulgated there under by the U.S. Department of Health and Human Services (the HIPAA Regulations) and other applicable laws.

Except as otherwise limited in this Agreement, Contractor may use or disclose Protected Health Information to perform functions, activities, or services for, or on behalf of, Client

as specified in this Agreement, provided that such use or disclosure would not violate the HIPAA Privacy Rule if done by Client or the minimum necessary policies and procedures of Client. Contractor shall obtain reasonable assurances from the person to whom the information is disclosed only as required by law or for the purpose for which it was disclosed to the person, and that person shall notify the contractor of any instances of which it is aware in which the confidentiality of such information has been breached.

At Client's request and upon termination of the Agreement, Contractor shall return all physical embodiments of the PHI and Information immediately to Client. Contractor agrees to keep no copies of the PHI and the Information, except with Client's express written permission.

11. Compliance with Laws. Contractor understands that Contractor is subject to fingerprinting by Client. Contractor represents and warrants that no person who will be working on this project for Client has been convicted of any criminal offense, including theft, dishonesty, breach of trust, or money laundering. It is the commitment and policy of the client to provide equal employment opportunity in all aspects of the relationship without unlawful discrimination because of race, color, religion, national origin, sex or age. Unless exempt by rules, regulations or orders of the Secretary of Labor, Contractor agrees to comply with provisions of Executive Orders 11246, 11625, 12138, 11701 and 11758, Section 503 of the Rehabilitation Act of 1973 as amended by PL93-516, Vietnam era Veterans' Readjustment Assistant Act of 1974, and rules, regulations, and relevant orders of the Secretary of Labor about the Executive Orders and Statutes listed above.

Upon request, Contractor shall furnish Client with copies showing Contractor's compliance with all applicable state and local licensing requirements, including but not limited to Business Licenses. Contractor represents and warrants that it has all requisite licenses and approvals to provide the services contemplated hereby, and it is not under any cease and desist order, any other regulatory restraint, and is not prohibited from entering into this Agreement by the terms of any court order.

12. Restrictive Covenant. During the term of this Agreement and for a period of one (1) year after the termination of this Agreement, neither party shall, without consent of the other party, knowingly (A) directly or indirectly employ or contract with: (i) any individual whoever provided services to such party or (ii) any entity in which any such individual has an interest (as principle partner, director, officer, agent, employee, consultant, contractor or otherwise), (B) directly or indirectly induce or attempt to influence any employee or contractor of such other party to terminate his relationship with such other party. (iii) The parties acknowledge that the restrictions contained in this paragraph, in view of the nature of the business in which the parties are engaged, are reasonable and necessary to protect the legitimate interest of each party and that any violation thereof would result in irreparable injuries to such injured party, and each party therefore acknowledges that, in the event of the violation of any of these restrictions, such other party shall be entitled to obtain from any court of competent jurisdiction injunctive relief as well as damages as in equitable accounting of all earning, profits, and any other benefits arising from such

violation which rights shall be cumulative and in addition to any other rights or remedies to which such other party may be entitled.

13. **Taxes.** Contractor is not an employee of Client. Contractor is responsible for paying all required state and federal taxes. Specifically, Client will not:

- a. Withhold FICA (Social Security) from Contractor's payments;
- b. Make state or federal unemployment insurance contributions on Contractor's behalf;
- c. Withhold state or federal income taxes from payment to Contractor; d. Make disability insurance contributions on behalf of Contractor; and/or e. Obtain workers' compensation on behalf of the Contractor.

Client shall pay Contractor only. Contractor shall pay all its employees directly, and Client shall not be responsible, in whole or in part, for any payment for any employee of Contractor and/or any subcontractor of Contractor. If it is later determined by court or government agency that tax withholding or matching payments should have been made by Client, Contractor agrees to indemnify and reimburse Client for these amounts.

14. **Insurance.** During this Agreement, Contractor shall, at its own expense, secure and maintain Workers' Compensation Insurance as required by applicable law. Furthermore, Client shall, at its own expense, secure and maintain Standard Commercial General Liability Insurance for ongoing operations at its facility with limits of not less than \$1,000,000 per occurrence and in the aggregate. Client shall cause Contractor to be named as an additional insured on such policy with respect to accidents or claims arising from the services rendered pursuant to this Agreement.

15. **Indemnification.** Each Party shall indemnify, defend and hold harmless the other Party, its officers, directors, employees, subcontractors, agents, affiliates, successors and permitted assigns (collectively, "Indemnified Party") against any losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including reasonable attorneys' fees, fees and the costs of enforcing any right to indemnification under this Agreement and the cost of pursuing any insurance providers, incurred by Indemnified Party (collectively, "Losses"), relating to any claim of a third party or arising out of or occurring in connection with the Party's negligence, willful misconduct or breach of this Agreement. Neither Party shall enter into any settlement without the other Party's prior written consent.

16. **Limitation of Liability.** EXCEPT FOR LIABILITY FOR INDEMNIFICATION, LIABILITY FOR BREACH OF CONFIDENTIALITY, OR LIABILITY FOR INFRINGEMENT OR MISAPPROPRIATION OF INTELLECTUAL PROPERTY RIGHTS, NEITHER PARTY IS NOT LIABLE FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR ENHANCED DAMAGES, ARISING OUT OF OR RELATING TO ANY BREACH OF THIS AGREEMENT, WHETHER OR NOT THE POSSIBILITY OF SUCH DAMAGES HAD BEEN DISCLOSED IN ADVANCE OR WAS FORESEEABLE, REGARDLESS OF THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT OR OTHERWISE) UPON WHICH THE CLAIM IS

BASED, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE.

17. Termination. This Agreement shall terminate automatically on the occurrence of any one of the following events: (1) the bankruptcy or insolvency of either party to this Agreement or (2) the sale of the business of either party. Otherwise, the terms of this Agreement shall commence as of the date of the commencement of the work order as noted on the attached document and shall continue for a period contemplated herein, except that either party may terminate this Agreement at any time, for any reason upon receipt of written notice of termination, Contractor shall endeavor to conclude all work in progress, unless otherwise directed by Client in writing.

18. Notice. All notices or other communications required or permitted to be given pursuant to this Agreement will be in writing and will be deemed to be delivered and received (a) on the date on which personally delivered, (b) on the date on which transmitted by facsimile, email, or other electronic means providing a receipt confirming a successful transmission, or (c) on the second (2nd) business day after the date on which deposited with an internationally recognized commercial delivery service (e.g., DHL, UPS, or Federal Express) for overnight delivery, addressed to the Party for whom intended at the street address, facsimile number, or email address set forth for such Party below, or such other street address, facsimile number, or email address, notice of which is given in a manner permitted under this Section.

For Contractor:

Business Name: Point Quest Education dba EdLogical Group
Business address: 9355 E. Stockton Blvd., Suite #230
Elk Grove, 95624

Business email: stephanietongson@edlogical.com

Business phone contact: (916) 422-0571

For Client:

Business Name: Explore Academy
Business Address: 2190 N. Canal St.
Orange, CA 92865

email: ciglesias@explorepublicschools.org

Business phone: 949-994-8084

19. Waiver. No waiver by any party of any of the provisions of this Agreement shall be effective unless explicitly outlined in writing and signed by the party so waiving. Except as otherwise outlined in this Agreement, no failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

20. Amendments. No amendment to this Agreement is effective unless it is in writing and signed by an authorized representative of each Party.

21. Entire Agreement. This Agreement, including and together with any related work orders, constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous

understandings, agreements, representations, and warranties, both written and oral, regarding such subject matter. In the event of conflict between the terms of this Agreement and the terms of any work order or other document submitted by one Party to the other, this Agreement shall control unless the Parties specifically otherwise agree in writing pursuant to Section 20.

22. **Severability.** If any provision in this Agreement is held to be invalid, void, or unenforceable by a court of competent jurisdiction, the remaining provisions will continue in full force and effect.

23. **Survival.** Subject to the limitations and other provisions of this Agreement, Sections 2, 4, 8, 9, 10, 11, 12, 13, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25 and 26, as well as any other provision that, to give proper effect to its intent, shall survive such expiration or termination of this Agreement.

24. **Assignment.** Contractor may assign neither this Agreement nor any duties or obligations under this Agreement without Client's prior written consent.

25. **Governing Law; Jurisdiction; Venue.** This Agreement will be governed by and construed and enforced in accordance with the laws of the State of California, without regard for its conflict of law rules. The Parties hereby submit to the exclusive jurisdiction of the courts of the State of California, in the County of Orange. The Parties agree that this Agreement has been executed and delivered in the County of Orange, that the exclusive venue for all disputes arising hereunder will be in the Superior Court in and for Orange County, California. The Parties agree that they will not object to the jurisdiction of these courts based on forum non conveniens, or for any other reason.

26. **Counterparts.** This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be the same agreement. A signed copy of this Agreement delivered by facsimile, email, or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

Edlogical Group ("Contractor")

By: Edlogical Group Sara Cervantes, VP, Clinical Quality

Contractor Name:  _____

Tax ID #: 45-3759199

Phone: (310)806-3213

Explore Prime Academy ("Client")

By: Cecilia Iglesias _____

 _____

Cecilia Iglesias, Executive Director

Sal Tinajero- Board Chair

Speech Therapy Work Order

Master Agreement:

This work order is subject to the Independent Services Agreement dated March 1, 2026

DIS Speech Therapy Contact Hours:

(min of 3 hours)per month Speech & Language Pathologist (SLP): \$134/hour
Or (min of 4 hours)per month of Speech & Language Assistant (SLPA) \$80/ hour

Speech-Language Triennial Assessments:

This contract is for the access of virtual speech services from a licensed Speech and Language Pathologist with the potential use of the Speech & Language Pathology Assistant model for direct service under the license of the Speech & Language Pathologist.

Billing/Invoice:

Contractor shall invoice the Client every month on or before the 3rd of the following month when services are provided. Client will pay the verified and completed invoices within 30 days. .

AGREED & ACKNOWLEDGED

Cecilia Iglesias	2/24/26		2/24/26
Client	Date	Edlogical Group	Date

FY26-27 Budget Scenario Planning

Revenue Projection: On Target:

Period	ADA	Funding
PY P2	66,877	887,364
CY P1	97,133	1,328,539
CY P2	97,133	1,328,539

Account	FY26-27												Total		
	July	August	September	October	November	December	January	February	March	April	May	June			
LCFF State Aid	-	45,735	45,735	82,322	82,322	82,322	82,322	82,322	82,322	82,322	82,322	82,322	82,322	82,322	1,328,540
Education Protection Account	-	-	-	3,344	-	-	3,344	-	-	-	-	-	-	-	19,426
Federal Revenue	-	-	11,189	2,624	5,247	13,793	5,247	5,247	122,430	7,882	5,247	14,104	9,354	14,104	221,579
Other State Revenue	-	4,312	5,108	8,558	159,630	10,761	15,983	9,354	9,354	73,781	9,354	9,354	9,354	9,354	361,282
Other Local Revenue	287	429	870	387	26,104	791	654	892	738	5,068	5,068	5,068	5,068	5,068	46,356
Total	287	50,476	62,882	97,235	273,303	107,667	107,550	97,815	297,614	257,070	184,761	193,619	193,619	246,904	1,977,183

LCFF State Aid Corresponding formula's:

Month:	July	August	September	October	November	December	January	February	March	April	May	June	YE Accruals	Total
0% in LCFF		=.05*887364				=.09*887364								100%
									=1328539-(1)/5				= \$440,522	

Expense Projection:

Month:	July	August	September	October	November	December	January	February	March	April	May	June	YE Accruals	Total
Expense Projection	34,577	162,523	115,253	149,850	150,770	125,513	112,281	109,051	219,945	130,312	143,425	130,233	242,453	1,826,195
\$ Values				= \$859,828						= \$493,681			= \$130,233	= \$242,453

Monthly Surplus (Deficit)

Month:	July	August	September	October	November	December	January	February	March	April	May	June	YE Accruals	Total
Monthly Surplus (Deficit)	(34,289)	(112,047)	(52,371)	(52,616)	122,533	(17,846)	(4,730)	(11,246)	77,669	126,759	41,337	63,386	4,451	150,899
\$ Values														

Cash Flow Projection

Month:	July	August	September	October	November	December	January	February	March	April	May	June	YE Accruals	Total
Cash Flow Projection	155,493	83,617	223,105	170,660	293,364	266,335	342,909	331,834	369,674	396,605	438,113	391,670	4,451	2,451,000
Change in Cash	(109,193)	40,171	191,859	171	171	(9,184)	81,304	171	(39,828)	(99,828)	172	(109,828)	4,451	1,328,539
Monthly Surplus (Deficit)	(34,289)	(112,047)	(52,371)	(52,616)	122,533	(17,846)	(4,730)	(11,246)	77,669	126,759	41,337	63,386	4,451	150,899
Total Change in Cash	(143,483)	(71,876)	139,488	(52,445)	122,704	(27,030)	76,574	(11,075)	37,841	26,930	41,508	(46,443)	4,451	1,328,539
\$ Values	298,976	155,493	83,617	223,105	170,660	293,364	266,335	342,909	331,834	369,605	438,113	391,670	4,451	2,451,000
Cash, End of Month	155,493	83,617	223,105	170,660	293,364	266,335	342,909	331,834	369,674	396,605	438,113	391,670	4,451	2,451,000
% of cash to expenses	8.51%	4.58%	12.22%	9.35%	16.05%	14.58%	18.78%	18.17%	20.24%	21.72%	23.99%	21.45%		

FY26-27 Budget Scenario Planning

Exceeding

Revenue Projection:

Period	ADA	Funding
PY P2	66.87	887,364
CY P1	120.25	1,621,471
CY P2	120.25	1,621,471

Category	FY26-27 Budget Scenario Planning												Total		
	July	August	September	October	November	December	January	February	March	April	May	June			
LCFF State Aid		45,735	45,735	82,322	82,322	82,322	82,322	82,322	82,322	82,322	82,322	82,322	82,322	223,678	
Education Protection Account				4,140	2,624	5,247	13,793	10,761	6,568	387	96,031	273,303	62,882	508,808	
Federal Revenue				6,568	159,630	26,104	387	96,031	273,303	107,667	108,347	97,815	356,200	317,533	558,850
Other State Revenue	287	429	870	6,568	159,630	26,104	387	96,031	273,303	107,667	108,347	97,815	356,200	317,533	558,850
Other Local Revenue	287	50,476	62,882	96,031	273,303	107,667	108,347	97,815	356,200	317,533	243,347	252,205	306,646		2,274,739
Total															1,621,470

LCFF State Aid Corresponding formulas:

Month:	July	August	September	October	November	December	January	February	March	April	May	June	YE Actuals	Total
0% in LCFF														100%
													\$558,850	

Expense Projection:

Month:	July	August	September	October	November	December	January	February	March	April	May	June	YE Actuals	Total
\$ Values	34,577	162,523	115,253	149,850	150,770	125,513	112,281	109,061	219,945	130,312	143,425	130,233	242,453	1,826,195
													\$493,681	
													\$130,233	
													\$242,453	

Monthly Surplus (Deficit)

Month:	July	August	September	October	November	December	January	February	March	April	May	June	YE Actuals	Total
\$ Values	(34,289)	(112,047)	(52,371)	(51,819)	122,533	(17,846)	(3,934)	(11,246)	136,255	187,222	99,923	121,972	64,193	448,544

Cash Flow Projection

Month:	July	August	September	October	November	December	January	February	March	April	May	June	YE Actuals	Total
Change in Cash	(109,193)	40,171	191,859	171	171	(9,184)	81,304	171	(39,828)	(99,828)	172	(109,828)	64,193	448,544
Monthly Surplus (Deficit)	(34,289)	(112,047)	(52,371)	(51,819)	122,533	(17,846)	(3,934)	(11,246)	136,255	187,222	99,923	121,972	64,193	448,544
Total Change in Cash	(143,483)	(71,878)	139,488	(52,445)	122,704	(27,030)	77,370	(11,075)	96,427	87,393	100,094	617,340	629,483	448,544
\$ Values	298,976	155,493	83,617	223,105	171,456	294,160	267,131	344,501	429,853	517,246	617,340	629,483	629,483	448,544
Cash, End of Month	155,493	83,617	223,105	171,456	294,160	267,131	344,501	333,426	429,853	517,246	617,340	629,483	629,483	448,544
% of cash to expenses	8.51%	4.58%	12.22%	9.39%	16.11%	14.63%	18.86%	18.28%	23.54%	28.32%	33.80%	34.47%	34.47%	448,544

FY25-26 Explore Prime Academy Forecast

Monthly Cash Flow/Forecast FY26-27

Revised 4/21/26

ADA = 97.13



	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Year-End Accruals	Annual Forecast	Prior Year Forecast	Favorable / (Unfav.)
ADA = 66.87																
Revenues																
State Aid - Revenue Limit																
8011 LCFF State Aid	-	45,735	45,735	82,322	82,322	82,322	82,322	82,322	165,092	165,092	165,092	165,092	165,092	1,328,539	895,347	433,192
8012 Education Protection Account	-	-	-	3,344	-	-	3,344	-	-	7,882	-	-	4,856	19,425	13,374	6,051
	-	45,735	45,735	85,666	82,322	82,322	85,666	82,322	165,092	172,973	165,092	165,092	169,948	1,347,964	884,357	463,607
Federal Revenue																
8181 Special Education - Entitlement	-	-	-	-	-	-	-	-	-	-	-	-	10,121	10,121	33,072	(22,951)
8220 Federal Child Nutrition	-	-	2,624	2,624	5,247	5,247	5,247	5,247	5,247	5,247	5,247	5,247	5,247	52,470	36,125	16,345
8290 Title I, Part A - Basic Low Income	-	-	7,392	-	-	7,392	-	-	7,392	-	-	-	-	29,567	29,567	9,210
8291 Title II, Part A - Teacher Quality	-	-	1,154	-	-	1,154	-	-	1,154	-	-	-	-	4,616	3,178	1,438
8296 Other Federal Revenue	-	-	-	-	-	-	-	-	-	-	-	8,857	7,311	16,168	30,851	(14,683)
8299 Prior Year Federal Revenue	-	-	-	-	-	-	-	-	108,637	-	-	-	-	108,637	74,796	33,841
	-	-	11,169	2,624	5,247	13,793	5,247	5,247	122,430	5,247	5,247	14,104	31,225	221,579	385,361	(163,782)
Other State Revenue																
8311 State Special Education	-	4,312	4,312	7,762	7,762	7,762	7,762	7,762	7,762	7,762	7,762	7,762	7,762	86,242	103,491	(17,249)
8520 Child Nutrition	-	-	796	796	1,592	1,592	1,592	1,592	1,592	1,592	1,592	1,592	1,592	15,924	10,706	5,219
8550 Mandated Cost	-	-	-	-	-	1,407	-	-	-	-	-	-	-	1,407	2,441	(1,034)
8560 State Lottery	-	-	-	-	-	-	6,629	-	-	6,629	-	-	13,258	26,515	18,256	8,260
8599 Other State Revenue	-	-	-	-	150,276	-	-	-	-	57,798	-	-	23,119	231,193	263,245	(32,051)
	-	4,312	5,108	8,558	159,630	10,761	15,983	9,354	9,354	73,781	9,354	9,354	45,731	361,282	398,138	(36,856)
Other Local Revenue																
8660 Interest Revenue	287	429	870	387	686	791	654	892	520	953	953	953	-	8,375	5,766	2,609
8690 Other Local Revenue	-	-	-	-	25,418	-	-	-	-	4,115	4,115	4,115	-	37,764	26,000	11,764
8699 School Fundraising	-	-	-	-	-	-	-	-	218	-	-	-	-	218	150	68
	287	429	870	387	26,104	791	654	892	738	5,068	5,068	5,068	-	-	31,916	14,440
Total Revenue	287	50,475	62,882	97,235	273,303	107,667	107,550	97,815	297,614	257,070	184,761	193,618	246,904	1,930,825	1,699,772	231,053
Expenses																
Certificated Salaries																
1100 Teachers' Salaries	-	50,075	39,729	29,451	29,754	28,945	29,732	30,288	30,010	30,010	30,010	30,010	-	358,014	378,067	20,053
1170 Teachers' Substitute Hours	-	-	822	822	1,027	616	616	-	-	1,164	1,164	1,164	-	7,394	7,200	(194)
1300 Administrators' Salaries	8,955	8,955	8,955	8,348	8,348	8,348	8,348	8,348	7,914	7,631	7,631	7,631	-	99,414	105,091	5,677
	8,955	59,030	49,506	38,620	39,129	37,909	38,697	38,636	37,924	38,805	38,805	38,805	-	464,822	490,358	25,536
Classified Salaries																
2100 Instructional Salaries	-	-	8,124	9,128	6,973	6,613	7,365	8,396	8,404	3,808	3,808	3,808	-	66,426	102,578	36,152
2200 Support Salaries	2,110	-	-	-	-	-	-	-	-	3,439	3,439	3,439	-	12,427	3,975	(8,452)
2400 Clerical and Office Staff Salaries	6,050	-	2,600	4,798	4,188	4,855	4,709	4,574	4,406	7,710	7,710	7,710	-	59,309	40,387	(18,923)
	8,161	-	10,724	13,926	11,161	11,468	12,074	12,969	12,810	14,956	14,956	14,956	-	138,162	146,940	8,777
Benefits																
3301 OASDI	911	3,940	4,169	3,650	3,442	3,359	3,478	3,573	3,258	3,325	3,325	3,325	-	39,755	38,583	(1,172)
3311 Medicare	268	1,158	1,176	1,073	1,012	987	1,022	1,050	1,033	1,348	1,348	1,348	-	12,824	9,903	(2,922)
3401 Health and Welfare	35	(645)	6,050	3,331	11,318	6,891	5,303	4,925	3,247	3,632	3,632	3,632	-	51,350	53,025	1,675
3501 State Unemployment	65	466	199	177	166	346	168	172	166	7,558	7,558	7,558	-	24,599	3,995	(20,603)
3601 Workers' Compensation	-	-	-	-	-	-	-	-	3,746	354	354	354	-	4,809	5,296	487
3901 Other Benefits	-	-	19	143	633	633	633	633	614	286	286	286	-	4,168	4,928	760
	1,279	4,920	11,614	8,374	16,572	12,217	10,605	10,354	12,065	16,502	16,502	16,502	-	137,505	115,729	(21,776)
Books and Supplies																
4100 Textbooks and Core Curricula	-	-	-	-	-	9,010	-	-	-	-	-	-	7,458	16,468	11,040	(5,428)
4200 Books and Other Materials	-	-	-	-	860	-	-	-	-	-	-	-	-	860	576	(283)
4302 School Supplies	-	619	-	-	459	445	-	234	151	932	932	932	16,769	21,473	14,395	(7,077)
4305 Software	-	-	-	8,249	11,709	-	-	-	252	3,021	3,021	3,021	9,696	38,967	26,123	(12,844)
4310 Office Expense	-	-	-	-	1,054	459	935	569	844	286	286	286	746	5,466	3,664	(1,802)
4311 Business Meals	-	428	-	-	-	68	65	-	-	37	37	37	-	673	451	(222)
4400 Noncapitalized Equipment	-	-	-	-	-	-	-	-	10,869	-	-	-	132,136	143,005	75,758	(67,247)
4700 Food Services	-	1,119	6,557	13,610	11,361	4,891	6,998	6,654	8,620	6,351	6,351	6,351	-	78,861	52,868	(25,993)
	-	2,166	6,557	21,859	25,442	14,872	7,999	7,456	20,736	10,627	10,627	10,627	166,805	305,772	184,876	(120,896)
Subagreement Services																
5102 Special Education	-	31,975	11,329	4,442	13,343	5,635	15,787	(14,372)	48,770	11,988	11,988	11,988	-	152,872	102,485	(50,388)
5104 Transportation	-	2,197	-	-	-	-	-	(2,197)	-	-	-	-	-	2,237	1,500	(737)
5105 Security	-	-	-	-	140	993	140	267	380	-	-	-	-	2,237	4,159	(1,371)
5106 Other Educational Consultants	-	-	3,589	7,446	4,475	5,445	-	13,425	5,445	3,058	-	3,058	-	45,940	30,798	(15,142)
	-	34,172	14,918	11,889	17,959	12,073	15,927	(2,877)	54,595	15,045	11,988	15,045	4,475	205,209	137,571	(67,638)
Operations and Housekeeping																
5201 Auto and Travel	-	-	-	-	-	-	-	-	-	312	312	312	-	936	627	(308)

FY25-26 Explore Prime Academy Forecast

Monthly Cash Flow/Forecast FY26-27

Revised 4/21/26

ADA = 97.13



	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Year-End Accruals	Annual Forecast	Prior Year Forecast	Favorable / (Unfav.)
5300 Dues & Memberships	-	-	-	-	-	-	-	1,387	-	(87)	(87)	(87)	-	1,126	755	(371)
5400 Insurance	-	-	-	-	-	-	-	-	52,392	2,921	2,921	2,921	6,241	67,396	45,182	(22,214)
5502 Janitorial Services	-	-	-	1,176	-	1,415	(827)	1,176	588	2,424	2,424	2,424	-	10,799	7,239	(3,559)
5900 Communications	-	830	850	622	97	78	512	518	6,422	646	646	646	-	11,868	7,957	(3,912)
5901 Postage and Shipping	-	873	-	-	-	-	-	40	-	30	30	30	-	1,002	672	(330)
	-	1,703	850	1,798	97	1,493	(315)	3,121	59,401	6,246	6,246	6,246	6,241	93,127	62,432	(30,695)
Facilities, Repairs and Other Leases																
5601 Rent	10,506	-	21,011	10,506	11,224	11,584	10,865	-	10,864	10,747	10,747	10,747	10,747	129,548	86,848	(42,700)
5603 Equipment Leases	-	939	1,538	713	704	469	991	634	762	423	423	423	1,865	9,883	6,626	(3,258)
5604 Other Leases	-	-	-	-	-	3,027	989	-	-	-	-	-	-	7,745	5,192	(2,553)
5605 Real/Personal Property Taxes	-	-	-	-	-	-	-	-	-	447	447	447	-	1,342	900	(442)
5610 Repairs and Maintenance	123	6,266	-	1,847	628	(1,895)	133	563	746	75	75	75	5,594	14,228	9,538	(4,690)
	10,629	7,205	22,550	13,066	12,556	13,185	12,978	1,197	12,372	11,692	11,692	11,692	21,935	162,747	109,105	(53,642)
Professional/Consulting Services																
5801 IT	-	6,051	2,524	-	-	5,054	4,737	14,203	-	2,486	2,486	2,486	-	40,028	26,835	(13,194)
5802 Audit & Taxes	-	-	-	-	-	-	-	-	-	-	-	-	14,378	14,378	14,000	(378)
5803 Legal	182	6,647	-	-	-	-	3,345	(2,055)	1,315	2,465	2,465	2,465	-	16,828	16,385	(442)
5804 Professional Development	-	-	-	27,855	-	-	-	(1,748)	-	-	-	-	-	26,107	56,000	29,893
5807 Bank Charges	-	-	-	529	(529)	(157)	-	-	-	45	45	45	-	(22)	(15)	7
5808 Printing	-	1,089	-	-	-	-	-	-	1,863	179	179	179	-	3,489	2,339	(1,150)
5809 Other taxes and fees	-	377	(11,514)	1,610	1,677	10,985	6	6	51	671	671	671	11,514	16,726	11,213	(5,513)
5810 Payroll Service Fee	447	447	2,143	847	2,327	666	447	895	447	671	671	671	-	10,681	7,161	(3,521)
5811 Management Fee (Back Office)	4,753	15,476	4,753	4,753	4,753	4,753	4,753	9,506	(4,506)	4,753	4,753	4,753	-	63,253	87,607	24,354
5812 District Oversight Fee	-	457	457	857	823	823	857	823	1,651	1,730	1,651	1,651	1,699	13,480	8,844	(4,636)
5815 Public Relations/Recruitment	-	6,361	-	3,697	2,383	-	-	154	9,050	3,266	3,266	3,266	15,405	46,848	45,616	(1,232)
	5,382	36,906	(1,636)	40,149	11,434	22,124	14,146	21,783	9,871	16,266	16,187	16,187	42,997	251,795	275,985	24,189
Depreciation																
6900 Depreciation Expense	171	171	171	171	171	171	171	171	172	172	172	172	-	2,055	2,001	(54)
	171	171	171	171	171	171	171	171	172	172	172	172	-	2,055	2,001	(54)
Interest																
7438 Interest Expense	-	16,250	-	-	16,250	-	-	16,250	-	-	16,250	-	-	65,000	88,879	23,879
	-	16,250	-	-	16,250	-	-	16,250	-	-	16,250	-	-	65,000	88,879	23,879
Total Expenses	34,577	162,523	115,253	149,850	150,770	125,513	112,281	109,061	219,945	130,312	143,425	130,233	242,453	1,826,195	1,613,874	(212,320)
Monthly Surplus (Deficit)	(34,289)	(112,048)	(52,371)	(52,616)	122,533	(17,846)	(4,731)	(11,246)	77,669	126,758	41,336	63,386	4,451	104,630	85,898	18,733
Cash Flow Adjustments																
Monthly Surplus (Deficit)	(34,289)	(112,048)	(52,371)	(52,616)	122,533	(17,846)	(4,731)	(11,246)	77,669	126,758	41,336	63,386	4,451	150,987		
Cash flows from operating activities																
Depreciation/Amortization	171	171	171	171	171	171	171	171	172	172	172	172	-	2,055		
Public Funding Receivables	(13,325)	-	191,687	-	-	(9,355)	81,133	-	-	-	-	-	(246,904)	3,237		
Grants and Contributions Rec.	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Due To/From Related Parties	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Prepaid Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Accounts Payable	(96,040)	40,000	-	-	-	-	-	-	(40,000)	(100,000)	-	-	242,453	46,413		
Accrued Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Other Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Deferred Revenue	-	-	-	-	-	-	-	-	-	-	-	(10,000)	-	(10,000)		
Cash flows from investing activities																
Purchases of Prop. And Equip.	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Notes Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Cash flows from financing activities																
Proceeds from Factoring	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Payments on Factoring	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Proceeds(Payments) on Debt	-	-	-	-	-	-	-	-	-	-	-	(100,000)	-	(100,000)		
Total Change in Cash	(143,483)	(71,876)	139,487	(52,445)	122,704	(27,029)	76,574	(11,075)	37,840	26,930	41,508	(46,443)				
Cash, Beginning of Month	298,976	155,493	83,616	223,104	170,659	293,363	266,334	342,908	331,833	369,673	396,603	438,111				
Cash, End of Month	155,493	83,616	223,104	170,659	293,363	266,334	342,908	331,833	369,673	396,603	438,111	391,668				

SERVICE AGREEMENT

Spring Camp page 1 of 3



This Agreement is made between
Celebration Education / Heather Martinson (“Contractor”) and
Explore Prime Academy / Cecilia Iglesias (“School”)

1. Program Description

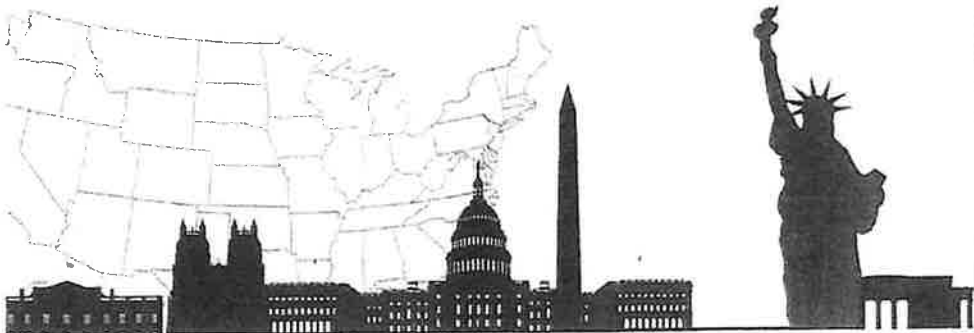
Contractor agrees to provide a four-day immersive spring camp titled “Treasures of Freedom” from March 30 – April 3, operating daily from 8:30 a.m. to 12:30 p.m.

The camp includes:

- 8 hands-on, educational activities per day
- Themed daily topics:
 - Monday: America’s Treasures / 50 States
 - Tuesday: Washington DC / White House
 - Wednesday: Presidents of the USA
 - Thursday: Statue of Liberty / Celebration of the USA

The structure integrates:

- Cipher/puzzle challenges
- Artifact builds or crafts
- Collaborative missions
- Writing/storytelling
- Math/logic challenges
- STEM/engineering tasks
- Meaningful history experiences
- Movement-based team challenges





2. Services Provided by Contractor

- Full program design and facilitation
- One on-site lead instructor
- All program-specific materials
- Instruction for up to 20 students
- Culminating showcase event
- On-site, hands-on, complimentary teacher training in Celebration Education's Authentic Learning method

3. Responsibilities of the School

- Classroom space suitable for 20 students
- Basic supplies (paper, pencils, markers, tape, etc.)
- Student registration and supervision as required by school policy
- Chromebooks for student use
- One on-site staff member per day for supervision support and teacher training

4. Compensation

The total fee for the four-day program is \$2000.

Payment terms:

- 50% is due upon signing to secure dates. This amount is non-refundable unless the contractor cancels due to unforeseen emergency, in which case the full amount will be refunded.
- The remaining 50% (\$1,000) is due on or before April 2.
- Payments can be sent through Zelle to Celebration@CelebrationEducation.com

5. Enrollment Capacity

Program is designed for up to 20 students. If enrollment exceeds 20 students, both parties must agree in writing to any adjustments.





6. Photography and Media

School grants Contractor permission to photograph and/or video camp activities for promotional and case study purposes, provided:

- Appropriate student media permissions are secured in accordance with school policy.
- No individual student is identified name.

7. Independent Contractor Status

Contractor is an independent contractor and not an employee of the School. Contractor is responsible for all taxes, insurance, and business expenses.

8. Liability

School maintains responsibility for student supervision, discipline, and emergency procedures in accordance with school policy. Contractor agrees to conduct activities in a safe and professional manner.

9. Agreement

By signing below, both parties agree to the terms outlined above.

Celebration Education

Heather Martinson

Heather Martinson

Date 03/16/26

Explore Prime Academy

Cecilia Iglesias

Cecilia Iglesias

Date 3/16/2026



AT-WILL EMPLOYMENT AGREEMENT
Between
EXPLORE ACADEMY AND _____

THIS EMPLOYMENT AGREEMENT (“Agreement”) is entered into by and between the above-named employee (“Employee”) and Explore Academy, Orange, a California public charter school approved by the Orange County Board of Education (“District”). Explore desires to hire employees who will assist EXPLORE ACADEMY in implementing its purposes, policies, and procedures, and in achieving the goals and meeting the requirements of EXPLORE ACADEMY’s charter. The parties recognize this not governed by the provisions of the California Education Code, except as expressly set forth in the Charter Schools Act of 1992.

WHEREAS, EXPLORE ACADEMY and the Employee wish to enter into an employment relationship under the conditions set forth herein, the parties hereby agree as follows:

A. STATUTORY PROVISIONS RELATING TO CHARTER SCHOOL EMPLOYMENT

1. EXPLORE ACADEMY operates a charter school which has been established pursuant to the Charter Schools Act of 1992, Education Code section 47600, *et seq.*, and which has been duly approved by the District, according to the laws of the State of California.
2. Pursuant to Education Code section 47604, EXPLORE ACADEMY has elected to be formed and to operate as a nonprofit public benefit corporation pursuant to the Non-profit Public Benefit Corporation Law of California (Part 2, commencing with section 5110 *et seq.* of the Corporations Code). As such, EXPLORE ACADEMY is considered a separate legal entity from the District, which granted the charter. The District shall not be liable for any debts and obligations of EXPLORE ACADEMY, and the employee signing below expressly recognizes that he/she is being employed by EXPLORE ACADEMY and not the District.
3. Pursuant to Education Code section 47610, EXPLORE ACADEMY must comply with all of the provisions set forth in its operative charter, but is otherwise exempt from the laws governing school districts except as specified in Education Code section 47610.
4. EXPLORE ACADEMY shall be deemed the exclusive public-school employer of the employees at EXPLORE ACADEMY for purposes of Government Code section 3540.1.

B. EMPLOYMENT TERMS AND CONDITIONS

1. **Duties**

The Employee shall work in the position of on-call substitute Instructional Assistant. A copy of the job description for the above position is attached hereto and incorporated by reference herein. Neither the Employee’s position title nor the attached job description shall limit the breadth of the Employee’s specific duties. The Employee will perform such duties as EXPLORE ACADEMY may reasonably assign from time

to time at its sole discretion. Additional duties assigned shall be limited by reasonable hours, applicable law, safety, and capacities of the Employee. The Employee will abide by all EXPLORE ACADEMY policies and procedures as adopted and amended from time to time and the provisions of EXPLORE ACADEMY's charter.

2. **Work Schedule**

This is a part time employment position, scheduled between the hours of **9:00 a.m. and 6:00 p.m.** The Employee is prohibited from working hours in excess of this work schedule, including overtime, without the prior written consent of EXPLORE ACADEMY. Workdays on which the Employee is expected to be on-site shall be consistent with the applicable calendar of workdays for this position. The current year schedule is attached hereto and incorporated by reference herein. The Employee will not render services in person or by electronic means, paid or otherwise, for any other person or entity during contracted work hours with EXPLORE ACADEMY.

3. **Compensation**

The daily pay for the Substitute Instructional Assistant position is **\$20/hr.** to be paid twice monthly, subject to all regular withholdings. The Employee shall not be permitted to earn overtime compensation without the prior written consent of EXPLORE ACADEMY.

4. **Employee Benefits**

The Employee is not eligible to participate in designated employee benefit programs.

5. **Performance Evaluation**

The Employee shall receive periodic performance reviews conducted by Office Manager. The frequency of performance evaluations may vary depending upon length of service, job position, past performance, changes in job duties, or recurring performance problems. Failure to evaluate the Employee shall not prevent EXPLORE ACADEMY from disciplining or dismissing the Employee at-will in accordance with this Agreement.

6. **Employee Rights**

Employment rights at EXPLORE ACADEMY shall only be as specified in this Agreement, EXPLORE ACADEMY's charter, the Charter Schools Act, and EXPLORE ACADEMY's Employee Handbook, which EXPLORE ACADEMY may amend and modify from time to time. Employment rights and benefits may be affected by other applicable agreements or directives or advisories from the California Department of Education or the State Board of Education. During the term of this Agreement, the Employee shall not acquire or accrue tenure, or any employment rights with EXPLORE ACADEMY.

7. **Licensure**

The Employee understands that employment is contingent upon verification and maintenance of any applicable licensure and/or credentials.

8. **Child Abuse and Neglect Reporting**

California Penal Code section 11166 requires any child care custodian who has knowledge of, or observes, a child in his/her professional capacity or within the scope of his/her employment whom he/she knows or reasonably suspects has been the victim of child abuse to report the known or suspected instance of child abuse to a child protective agency immediately, or as soon as practically possible, by telephone and to prepare and send a written report thereof within thirty-six (36) hours of receiving the information concerning the incident. By executing this Agreement, the Employee acknowledges he/she is a childcare custodian and is certifying that he/she has knowledge of California Penal Code section 11166 and will comply with its provisions.

9. **Fingerprinting/TB Clearance**

Fingerprint clearance for the Employee will be acquired through submitting the Employee's fingerprints to the California Department of Justice. The Employee will be required to assume the cost of all fees related to the fingerprinting process. The Employee will be required to submit evidence from a licensed physician and/or licensed entity that the Employee was found to be free from tuberculosis risk factors, or active tuberculosis if risk factors were identified. Both clearances must be in place prior to the first day of service.

10. **Confidential Information**

The Employee understands that, while employed at EXPLORE ACADEMY, he/she will have access to confidential and proprietary information. The Employee shall not divulge or use such information in a manner that violates EXPLORE ACADEMY's policies and procedures.

11. **Outside Professional Activities**

Upon obtaining prior written approval of the Executive Director, the Employee may undertake for consideration outside professional activities, including consulting, speaking, and writing. The outside activities shall not occur during regular work hours. EXPLORE ACADEMY shall in no way be responsible for any expenses attendant to the performance of such outside activities.

C. **EMPLOYMENT AT-WILL**

EXPLORE ACADEMY may terminate this Agreement and the Employee's employment at any time with or without cause, with or without advance notice, and at EXPLORE ACADEMY's sole and unreviewable discretion. Either party may immediately terminate this Agreement and the Employee's employment upon written notice to the other party.

The Employee also may be demoted or disciplined, and the terms of his/her employment may be altered at any time, with or without cause, at the discretion of EXPLORE ACADEMY. No one other than the Executive Director of EXPLORE ACADEMY has the authority to alter this arrangement, to enter into an agreement for employment for a specified period of time, or to make any agreement contrary to the terms of this Agreement, and any such agreement must be in writing and must be signed by the Executive Director and by the affected employee and must specifically state the intention to alter this "at-will" relationship.

In the event of charter revocation or non-renewal, all contractual obligations under this Agreement cease immediately upon the effective date of revocation or non-renewal.

D. **GENERAL PROVISIONS**

1. **Waiver of Breach**

The waiver by either party, or the failure of either party to claim a breach of any provision of this Agreement, will not operate or be construed as a waiver of any subsequent breach.

2. **Assignment**

The rights and obligations of the respective parties under the Agreement will inure to the benefit of and will be binding upon the heirs, legal representatives, successors and assigns of the parties hereto; provided, however, that this Agreement will not be assignable by either party without prior written consent of the other party.

3. **Governing Law**

This Agreement will be governed by, construed, and enforced in accordance with the laws of the State of California.

4. **Partial Invalidity**

If any provision of this Agreement is found to be invalid or unenforceable by any court, the remaining provisions hereof will remain in effect unless such partial invalidity or unenforceability would defeat an essential business purpose of the Agreement.

E. **ACCEPTANCE OF EMPLOYMENT**

By signing below, the Employee declares as follows:

1. I have read this Agreement and accept employment with EXPLORE ACADEMY on the terms specified herein.
2. All information I have provided to EXPLORE ACADEMY related to my employment is true and accurate.
3. A copy of the job description is attached hereto.
4. This is the entire agreement between EXPLORE ACADEMY and me regarding the terms and conditions of my employment. This is a final and complete agreement and there are no other agreements, oral or written, express or implied, concerning the subject matter of this Agreement.

Employee Signature

Date

Cecilia Iglesias, Executive Director

Date

EXPLORE ACADEMY Approval:

Date: March 24, 2026



Sal Tinajero, Board Chair

This Substitute Instructional Assistant Master Agreement is subject to ratification and approval by the Governing Board of EXPLORE ACADEMY.

AT-WILL EMPLOYMENT AGREEMENT
Between
EXPLORE ACADEMY AND ANGIE CANO

THIS EMPLOYMENT AGREEMENT ("Agreement") is entered into by and between the above-named employee ("Employee") and Explore Academy, Orange, a California public charter school approved by the Orange County Board of Education ("District"). Explore desires to hire employees who will assist EXPLORE ACADEMY in implementing its purposes, policies, and procedures, and in achieving the goals and meeting the requirements of EXPLORE ACADEMY's charter. The parties recognize this not governed by the provisions of the California Education Code, except as expressly set forth in the Charter Schools Act of 1992.

WHEREAS, EXPLORE ACADEMY and the Employee wish to enter into an employment relationship under the conditions set forth herein, the parties hereby agree as follows:

A. STATUTORY PROVISIONS RELATING TO CHARTER SCHOOL EMPLOYMENT

1. EXPLORE ACADEMY operates a charter school which has been established pursuant to the Charter Schools Act of 1992, Education Code section 47600, *et seq.*, and which has been duly approved by the District, according to the laws of the State of California.
2. Pursuant to Education Code section 47604, EXPLORE ACADEMY has elected to be formed and to operate as a nonprofit public benefit corporation pursuant to the Non-profit Public Benefit Corporation Law of California (Part 2, commencing with section 5110 *et seq.* of the Corporations Code). As such, EXPLORE ACADEMY is considered a separate legal entity from the District, which granted the charter. The District shall not be liable for any debts and obligations of EXPLORE ACADEMY, and the employee signing below expressly recognizes that he/she is being employed by EXPLORE ACADEMY and not the District.
3. Pursuant to Education Code section 47610, EXPLORE ACADEMY must comply with all of the provisions set forth in its operative charter, but is otherwise exempt from the laws governing school districts except as specified in Education Code section 47610.
4. EXPLORE ACADEMY shall be deemed the exclusive public-school employer of the employees at EXPLORE ACADEMY for purposes of Government Code section 3540.1.

B. EMPLOYMENT TERMS AND CONDITIONS

1. **Duties**

The Employee shall work in the position of on-call substitute Instructional Assistant. A copy of the job description for the above position is attached hereto and incorporated by reference herein. Neither the Employee's position title nor the attached job description shall limit the breadth of the Employee's specific duties. The Employee will perform such duties as EXPLORE ACADEMY may reasonably assign from time

to time at its sole discretion. Additional duties assigned shall be limited by reasonable hours, applicable law, safety, and capacities of the Employee. The Employee will abide by all EXPLORE ACADEMY policies and procedures as adopted and amended from time to time and the provisions of EXPLORE ACADEMY's charter.

2. **Work Schedule**

This is a part-time employment position, scheduled between the hours of **9:00 a.m. and 6:00 p.m.** The Employee is prohibited from working hours in excess of this work schedule, including overtime, without the prior written consent of EXPLORE ACADEMY. Workdays on which the Employee is expected to be on-site shall be consistent with the applicable calendar of workdays for this position. The current year schedule is attached hereto and incorporated by reference herein. The Employee will not render services in person or by electronic means, paid or otherwise, for any other person or entity during contracted work hours with EXPLORE ACADEMY.

This contract is effective from April 7, 2026 to June 30, 2026.

3. **Compensation**

The hourly pay for the Substitute Instructional Assistant position is **\$20/hr.** to be paid twice monthly, subject to all regular withholdings. The Employee shall not be permitted to earn overtime compensation without the prior written consent of EXPLORE ACADEMY.

4. **Employee Benefits**

The Employee is not eligible to participate in designated employee benefit programs.

5. **Performance Evaluation**

The Employee shall receive periodic performance reviews conducted by Office Manager. The frequency of performance evaluations may vary depending upon length of service, job position, past performance, changes in job duties, or recurring performance problems. Failure to evaluate the Employee shall not prevent EXPLORE ACADEMY from disciplining or dismissing the Employee at-will in accordance with this Agreement.

6. **Employee Rights**

Employment rights at EXPLORE ACADEMY shall only be as specified in this Agreement, EXPLORE ACADEMY's charter, the Charter Schools Act, and EXPLORE ACADEMY's Employee Handbook, which EXPLORE ACADEMY may amend and modify from time to time. Employment rights and benefits may be affected by other applicable agreements or directives or advisories from the California Department of Education or the State Board of Education. During the term of this Agreement, the Employee shall not acquire or accrue tenure, or any employment rights with EXPLORE ACADEMY.

7. **Licensure**

The Employee understands that employment is contingent upon verification and maintenance of any applicable licensure and/or credentials.

8. **Child Abuse and Neglect Reporting**

California Penal Code section 11166 requires any child care custodian who has knowledge of, or observes, a child in his/her professional capacity or within the scope of his/her employment whom he/she knows or reasonably suspects has been the victim of child abuse to report the known or suspected instance of child abuse to a child protective agency immediately, or as soon as practically possible, by telephone and to prepare and send a written report thereof within thirty-six (36) hours of receiving the information concerning the incident. By executing this Agreement, the Employee acknowledges he/she is a childcare custodian and is certifying that he/she has knowledge of California Penal Code section 11166 and will comply with its provisions.

9. **Fingerprinting/TB Clearance**

Fingerprint clearance for the Employee will be acquired through submitting the Employee's fingerprints to the California Department of Justice. The Employee will be required to assume the cost of all fees related to the fingerprinting process. The Employee will be required to submit evidence from a licensed physician and/or licensed entity that the Employee was found to be free from tuberculosis risk factors, or active tuberculosis if risk factors were identified. Both clearances must be in place prior to the first day of service.

10. **Confidential Information**

The Employee understands that, while employed at EXPLORE ACADEMY, he/she will have access to confidential and proprietary information. The Employee shall not divulge or use such information in a manner that violates EXPLORE ACADEMY's policies and procedures.

11. **Outside Professional Activities**

Upon obtaining prior written approval of the Executive Director, the Employee may undertake for consideration outside professional activities, including consulting, speaking, and writing. The outside activities shall not occur during regular work hours. EXPLORE ACADEMY shall in no way be responsible for any expenses attendant to the performance of such outside activities.

C. **EMPLOYMENT AT-WILL**

EXPLORE ACADEMY may terminate this Agreement and the Employee's employment at any time with or without cause, with or without advance notice, and at EXPLORE ACADEMY's sole and unreviewable discretion. Either party may immediately terminate this Agreement and the Employee's employment upon written notice to the other party.

The Employee also may be demoted or disciplined, and the terms of his/her employment may be altered at any time, with or without cause, at the discretion of EXPLORE ACADEMY. No one other than the Executive Director of EXPLORE ACADEMY has the authority to alter this arrangement, to enter into an agreement for employment for a specified period of time, or to make any agreement contrary to the terms of this Agreement, and any such agreement must be in writing and must be signed by the Executive Director and by the affected employee and must specifically state the intention to alter this "at-will" relationship.

In the event of charter revocation or non-renewal, all contractual obligations under this Agreement cease immediately upon the effective date of revocation or non-renewal.

D. **GENERAL PROVISIONS**

1. **Waiver of Breach**

The waiver by either party, or the failure of either party to claim a breach of any provision of this Agreement, will not operate or be construed as a waiver of any subsequent breach.

2. **Assignment**

The rights and obligations of the respective parties under the Agreement will inure to the benefit of and will be binding upon the heirs, legal representatives, successors and assigns of the parties hereto; provided, however, that this Agreement will not be assignable by either party without prior written consent of the other party.

3. **Governing Law**

This Agreement will be governed by, construed, and enforced in accordance with the laws of the State of California.

4. **Partial Invalidity**

If any provision of this Agreement is found to be invalid or unenforceable by any court, the remaining provisions hereof will remain in effect unless such partial invalidity or unenforceability would defeat an essential business purpose of the Agreement.

E. ACCEPTANCE OF EMPLOYMENT

By signing below, the Employee declares as follows:

1. I have read this Agreement and accept employment with EXPLORE ACADEMY on the terms specified herein.
2. All information I have provided to EXPLORE ACADEMY related to my employment is true and accurate.
3. A copy of the job description is attached hereto.
4. This is the entire agreement between EXPLORE ACADEMY and me regarding the terms and conditions of my employment. This is a final and complete agreement and there are no other agreements, oral or written, express or implied, concerning the subject matter of this Agreement.


Employee Signature

4/7/26
Date


Cecilia Iglesias, Executive Director

4/7/26
Date

EXPLORE ACADEMY Approval:

Date: March 24, 2026

Signature on file
Sal Tinajero, Board Chair

This Substitute Instructional Assistant Master Agreement is subject to ratification and approval by the Governing Board of EXPLORE ACADEMY.

EXHIBIT C

**EXPLORE AND THE ORANGE UNIFIED SCHOOL DISTRICT'S
FIRST AMENDED AND RESTATED LICENSE AGREEMENT
(“LICENSE AGREEMENT”)**

**FIRST AMENDED AND RESTATED LICENSE AGREEMENT BY AND AMONG
ORANGE UNIFIED SCHOOL DISTRICT,
EXPLORE ACADEMY CHARTER SCHOOL, AND EXPLOREK12**

THIS FIRST AMENDED AND RESTATED AGREEMENT (“Agreement”) is made and entered into by and among the Orange Unified School District, a public school district organized and existing under the laws of the State of California (“District”) and Explore Academy Charter School, a California public charter school, and ExploreK12, a California non-profit public benefit corporation (hereinafter Explore Academy Charter School and ExploreK12 are collectively and interchangeably referred to as the “Charter School”) as of the later of the date upon which it is approved by the governing boards of the District and the Charter School or the date upon which it is fully executed by the duly authorized representatives of the parties (the “Effective Date”). The District and Charter School are collectively referred to as “the Parties.”

RECITALS

WHEREAS, the Orange County Board of Education approved the Charter School’s Charter Petition (“Charter”) to operate a countywide benefit charter school pursuant to Education Code Section 47605.6, and the Charter authorizes the Charter School to operate a site within the District’s boundaries;

WHEREAS, Explore Academy Charter School is operated and governed by ExploreK12. Throughout this Agreement and any appendices or exhibits hereto, any and all references to Explore Academy Charter School, Explore Academy, Explore, ExploreK12, and/or the Charter School, by any name or designation, shall apply with full force and effect to the school itself and the nonprofit corporation, to the extent that they are separate entities, and for all purposes related to this Agreement, both the school (including all campuses of the school) and the corporation (including all schools and campuses it operates) shall be fully obligated to comply with, be limited by, and be responsible and liable for Charter School’s obligations, duties, limitations, and responsibilities pursuant to this Agreement;

WHEREAS, notwithstanding the fact that Charter School did not submit a request for District facilities pursuant to Education Code Section 47614 and its implementing regulations set forth in Title 5 of the California Code of Regulations (“5 C.C.R.”) Section 11969.1 *et seq.* (collectively “Proposition 39”) for the 2023-2024 school year, the District and Charter School entered into an Agreement in lieu of complying with the procedures and requirements related to a charter school’s use of school district facilities as provided for by Proposition 39 for the 2023-2024 and 2024-2025 school years, as authorized pursuant to 5 C.C.R. Section 11969.1;

WHEREAS, the Parties have since decided to modify the terms of the Agreement and agree that Charter School will continue to have a license to use a portion of the District’s Peralta School Site, located at 2190 Canal Street, Orange, California 92865 (“Peralta Site” shall refer to the total site, “Subject Property” shall refer to that portion to be used by the Charter School, as specifically marked and depicted as “Black Top,” “Play Space,” “5,760 Sq. Ft Building,” and “Dedicated Parking,” in Exhibit “A” hereto and incorporated herein by this reference), for the

2023-2024, 2024-2025, and 2025-2026 academic years (“Applicable Years”), pursuant to the conditions set forth below;

WHEREAS, the Parties negotiated this Agreement in lieu of following the formal Proposition 39 procedures and requirements, including, but not limited to, responding to each other’s in-District ADA and/or in-District enrollment projections and this Agreement is not intended to imply any agreement regarding in-District ADA and/or enrollment projections for the Charter School by any party.

NOW THEREFORE, in consideration of the covenants and agreements hereinafter set forth, the Parties agree as follows:

1. Grant of License and Use of the Subject Property. District agrees to and grants a license to Charter School to use the Subject Property for the sole purpose of operating the Charter School educational program as set forth in the Charter. Charter School’s use of the Subject Property shall be for the Applicable Years, beginning on July 25, 2023, and shall conclude at the expiration of this Agreement on June 30, 2026, unless earlier terminated in accordance with the provisions of this Agreement.

a. Charter School acknowledges and agrees that the District has declared the Peralta Site as surplus property pursuant to Education Code section 17466 and that the District retains all rights and full and complete authority over the Peralta Site as surplus property, including, but not limited to, the right to make other use(s) of the Peralta Site, not to use some or all of the Peralta Site for any purposes, or to dispose of some or all of the Peralta Site at any time, and/or to deny Charter School any option or opportunity to continue using the Peralta Site beyond this term or the termination of this Agreement, regardless of whether or how the Peralta Site may be used by the District. Charter School acknowledges and agrees that it shall have no claim to or right of use of the Peralta Site beyond the terms specified in this Agreement, unless explicitly granted by the District through a future written agreement. Charter School shall not challenge any District decision to terminate this Agreement and/or deny any future request by Charter School for use of any portion of the Peralta Site. Charter School agrees that its use of the Peralta Site pursuant to this Agreement does not afford it any future right of use, including pursuant to Proposition 39 and any decision by the District to deny Charter School use of any portion of the Peralta Site is deemed “necessary” pursuant to Education Code Section 47614(b), irrespective of the reason for the District’s decision and/or any use or nonuse that the District may plan or make of the Peralta Site.

b. Charter School acknowledges and agrees this Agreement is a license and is not a lease or other instrument that conveys an interest in real property and, as such, does not impart protections to the Charter School that would be consistent with a lease. Accordingly, Charter School acknowledges and agrees that upon the expiration or earlier termination of the Agreement, Charter School will not have access to the Subject Property and the District may elect to change locks or take other steps to prevent Charter School from having access to the Subject Property. The District may remove from the Subject Property any remaining personal belongings of Charter School and/or will endeavor to cooperate with Charter School to schedule a mutually convenient time to allow Charter

School to remove its personal belongings, if any remain, from the Subject Property; however, such access is to be made under the District's supervision.


KAF

_____ Charter School's INITIALS

2. Reversion to District. Upon the termination or expiration of this Agreement by its terms, Charter School shall have no further use of the Subject Property and the facilities and District equipment thereon, if any, shall revert to the District, unless the Parties mutually negotiate a successor agreement regarding the Charter School's continued use of the Subject Property for its educational program. If the Charter School desires to use District facilities for the 2026-2027 academic year or beyond, the Charter School must submit a facilities request and pursue such facilities in accordance with the requirements of Proposition 39 unless the Parties agree otherwise in writing prior to the deadline for submitting such a Proposition 39 facilities request. Upon termination of this Agreement, the District shall recoup the full rights and benefits of its ownership of the Subject Property, including, but not limited to, use of such Subject Property for District programs and services.

3. Civic Center Act. After 6:30 pm during the week and all day on weekends and holidays, the Subject Property shall be subject to use by the public pursuant to the Civic Center Act (Education Code Section 38131 *et seq.*) and/or any joint use or recreational program use that has been deemed appropriate by the District. Charter School and District shall meet prior to the beginning of each semester and prior to the beginning of summer vacation to schedule Charter School activities directly related to the Charter School's educational program (such as back to school nights, board meetings, school plays, and similar) during the times otherwise subject to use pursuant to the Civic Center Act or other use deemed appropriate by the District. For any use not scheduled at the beginning of the semester, or for any use not directly related to the Charter School's educational program, as provided for in the Charter, Charter School must submit a facilities request through the District's online system. Civic Center Act use requests, for use of the Subject Property by users other than Charter School, shall be evaluated and handled by the District, but will notify the Charter School as appropriate. Charter School shall direct all Civic Center Act requests for use of the Subject Property to the District's Chief Business Official. All proceeds derived from the use of the Subject Property pursuant to the Civic Center Act or as otherwise provided for in this Section 3 shall be the property of the District and the District shall be responsible for cleaning and repairing the Subject Property after each Civic Center Act use.

4. Drill Notice. In the event that Charter School conducts a fire, earthquake, or other emergency drill, Charter School shall provide District with reasonable prior notice of the time and nature of the drill and confirm that a District representative is aware of the time and nature of said drill.

5. Security/Safety Notification. In the event Charter School becomes aware of an emergency situation (including, but not limited to, a threat posed by an intruder and/or an emergency situation that requires institution of a lockdown) occurring on the Subject Property and/or the Peralta Site, Charter School shall immediately notify the District. Prior to the Charter School occupying the Subject Property, the Parties shall exchange contact information to be used for the purposes of such notification, and update such contact information should it change.

6. Full and Complete Satisfaction. Charter School agrees that the provision of the Subject Property pursuant to this Agreement constitutes full and complete satisfaction of any obligation of the District to provide facilities, including furnishings and equipment, to Charter School under Education Code Section 47614 and the Proposition 39 regulations for the Applicable Years. Charter School agrees that, by accepting the Subject Property, it certifies that the District has fully and completely satisfied any obligation of the District to provide facilities, including furnishings and equipment, to the Charter School under Education Code Section 47614 and all Proposition 39 implementing regulations for the Applicable Years. The Charter School waives and forever releases the District from any claim that the Charter School, or any successor entity, may have against the District regarding any allegation that the District has taken action to impede the Charter School from expanding its enrollment to meet pupil demand for the Applicable Years. Furthermore, the Charter School waives any rights it may have to object subsequently to the District's perceived failure to offer facilities, including furnishings and equipment, in accordance with applicable law and waives any rights it may have to challenge those aspects of the District's offer of facilities, including furnishings and equipment, that the Charter School believes violate the substantive or procedural requirements of Proposition 39 and its implementing regulations for the Applicable Years. Notwithstanding the foregoing, the Charter School reserves the right to argue that a similar allocation of facilities for a future academic year does not satisfy the obligations of Proposition 39, including the Implementing Regulations.

7. Furniture and Equipment. Charter School shall provide all furnishings and equipment to be used by Charter School for any purpose.

8. District and Peralta References. Under no circumstances may the Charter School or any of its board members, administrators, employees, agents, representatives, volunteers, subcontractors, invitees, successors and/or assigns obscure, remove, paint over, permanently conceal or otherwise alter in any way any sign, decal, mural, mascot or other reference, including but not limited to references to "Peralta," "Orange Unified School District" and/or any other District, City or third-party program on the Subject Property ("Peralta/District Reference"). Charter School must specifically communicate this to its on-site staff. In the event that any Peralta/District Reference is damaged or obscured in any way during the Charter School's use of the Subject Property by Charter School or its board members, administrators, employees, agents, representatives, volunteers, subcontractors, invitees, successors, and/or assigns, Charter School shall be responsible for all costs associated with the full restoration of the Peralta/District Reference.

9. Signs and Murals. Charter School shall not have the right to place, construct, or maintain any sign, advertisement, awning, banner, mural, or other external decorations on the improvements that are a part of the Subject Property without District's prior written consent, which shall not be unreasonably withheld, but may be conditioned. Subject to District's approval as described herein, and subject to any other applicable laws or regulations, the Charter School may install signage at the Subject Property of the type customarily used by other schools in the District.

10. Allocation of Facilities. Upon request from the District, the Charter School will report to the District actual ADA that the Charter School reports for apportionment purposes. Such requested reports must include, and separately designate, in-District and total ADA and in-District and total classroom ADA. Additionally, the District may request backup documentation

confirming in-District ADA in a manner that is reasonably acceptable to the District at any time, including, but not limited to, copies of the documentation used by the Charter School to establish each student's residency within the District.

11. Early Termination. This Agreement shall terminate on June 30, 2026, unless mutually extended in writing by both Parties. This Agreement may be terminated immediately by either Party without notice if (1) Charter School is in material breach of the Agreement, (2) upon the revocation or expiration for any reason of Charter School's Charter or authority for Charter School to operate within the District's boundaries, or (3) upon giving the other Party notice in writing. The Parties will endeavor, but shall not be required, to give at least sixty-days (60) days' written notice in the event of termination without cause. In the event the District terminates this Agreement without cause effective for any or all of the period of July 1, 2025 through June 30, 2026 (the "2025-2026 Year"), the District will provide Charter School with the use of six (6) classroom spaces (for a total of approximately 5,760 sq ft. of classroom space), a set of student restrooms and two individual adult restrooms, use of black top and play space, and parking spaces approximately equivalent to the corresponding spaces at the Subject Property at a District facility or facilities within the District's boundaries for any remaining portion of the 2025-2026 Year, subject to the Parties first entering into a facilities use agreement governing any such use.

12. License Fee. The Parties agree that:

a. **Period of July 1, 2024 through June 30, 2025:** Charter School shall pay an annual rate of Eighty-Four Thousand Five Hundred Fourteen Dollars and Ninety-Two Cents (\$84,514.92) (the "2024-2025 Annual Rate") for the 2024-2025 academic year, which shall be paid in 12 equal monthly installments (the "2024-2025 Monthly License Fee"). This 2024-2025 Annual Rate is inclusive of all utilities costs specified herein (excluding telephone and internet services), and all ongoing and major maintenance, but does not include grounds keeping and custodial services. The Charter School must make payment of the appropriate 2024-2025 Monthly License Fee by 4:30 p.m. of the fifth (5th) calendar day of each month with the last 2024-2025 Monthly License Fee due on or before Jun 5, 2025. Late payments shall be subject to a four percent (4%) late fee. The District may deduct any late payments (including the late fee) from any revenues of the Charter School that are passed through the District and from the Charter School's in lieu of property tax payments from the District, if any. Failure to make timely payment shall be deemed a material breach of this Agreement.

b. **Period of July 1, 2025 through June 30, 2026:** The annual rate charged to the Charter School and that Charter School shall be responsible for paying to the District shall be the 2024-2025 Annual Rate, increased by the higher of the California public school COLA adjustment and/or CPI for the 2025-2026 fiscal year (July 1 through June 30), with the new adjusted annual payment divided into 12 equal monthly payments (the "2025-2026 Monthly License Fee"). The new adjusted annual payment shall be inclusive of all utilities costs specified herein (excluding telephone and internet services), and all ongoing and major maintenance, but does not include grounds keeping and custodial services. The District shall notify the Charter School of the new 2025-2026 Annual Rate and Monthly License Fee by June 15, 2025. The Charter School must make payment of the appropriate monthly rate by 4:30 p.m. of the fifth (5th) calendar day of each month. Late payments

shall be subject to a four percent (4%) late fee. The District may deduct any late payments (including the late fee) from any revenues of the Charter School that are passed through the District and from the Charter School's in lieu of property tax payments from the District, if any. Failure to make timely payment shall be deemed a material breach of this Agreement.

13. Utilities. The District agrees to furnish, or cause to be furnished, to the Subject Property specified necessary utilities. Utilities provided by the District are limited to: electrical, natural gas, sewer, waste disposal/recycling, and water. The District shall be excused from performance and shall not be liable if: (1) there is an interruption in any utility service(s) caused by circumstances beyond the District's control; or (2) if any defect or fault occurs in the District's physical plant or utility lines, whether or not attributed to the District. In the event of such interruption, the District shall make reasonable attempts, unless economically impracticable in the District's reasonable judgment, to restore such utility service(s). In the event the total cost of utilities for the entire Peralta Site between July 1, 2024, and June 30, 2025, exceeds the total cost of utilities for the entire Peralta Site for the period of July 1, 2022, through June 30, 2023, by an average of more than Two Hundred Fifty Dollars (\$250) per month (hereinafter "Excess Utility Costs 1"), Charter School shall pay the Excess Utility Costs 1, which amount shall be due in full within 30 days of invoice by the District. In the event the total cost of utilities for the entire Peralta Site between July 1, 2025, and June 30, 2026, exceeds the total cost of utilities for the entire Peralta Site for the period of July 1, 2022, through June 30, 2023, by an average of more than Two Hundred Fifty Dollars (\$250) per month (hereinafter "Excess Utility Costs 2"), Charter School shall pay the Excess Utility Costs 2, which amount shall be due in full within 30 days of invoice by the District.

14. Internet and Telephone Services. Charter School shall obtain its own telephone and internet services and provider. Charter School shall assume sole responsibility for obtaining, upkeep, and maintenance of all Charter School telephone systems, internet service and access, data lines, content filters and firewalls, computer usage and use/access policies, and related equipment, software and hardware.

15. Taxes. Charter School shall be responsible for all taxes associated with its use of the Subject Property. In the event possessory interest taxes are assessed, Charter School shall be solely responsible for the payment of all Charter School's possessory interest taxes, if any, during the term of the Agreement. Pursuant to Section 107.6 of the California Revenue and Taxation Code, District hereby notifies Charter School that: (i) the Subject Property is subject to possessory interest taxes, and that such taxes shall be paid by Charter School; and (ii) Charter School may be subject to the payment of property taxes levied on the possessory interest obtained by Charter School. The Parties acknowledge that during the term of this Agreement, Charter School shall be solely responsible for any and all possessory interest taxes and related charges and expenses (collectively, "Possessory Interest Taxes") imposed with respect to the Subject Property, and shall indemnify, defend and hold harmless District against all possessory interest taxes. This statement is intended to comply with Section 107.6 of the Revenue and Taxation Code.

16. Maintenance. Facilities provided to the Charter School shall remain the property of the District. At its sole expense, Charter School shall be responsible for grounds keeping, custodial services, and all equipment or technology purchased and/or installed by the Charter School. Charter School shall perform grounds keeping (including maintaining the existing

landscaping, which includes lawn, shrubs, bushes, and trees) and custodial services in a manner and on a schedule equivalent to those performed at other District school sites. Should the Charter School neglect or fail to perform grounds keeping and/or custodial services consistent with current District policy and practice after written notice from the District and seven (7) days to cure, the District reserves the right to charge the Charter School reasonable or actual costs for performing such grounds keeping and/or custodial services, including a five percent service fee for District's services in completing the work.

The ongoing operations and maintenance of the facilities, including major maintenance and any items that would previously have been considered deferred maintenance under Education Code Section 17582, shall be the District's responsibility. This includes fire alarm, HVAC, mobile maintenance, electrical, plumbing, roofing, exterior and interior painting, and floor systems. In the event that the Charter School believes that maintenance and/or repairs are needed, Charter School must follow the procedures to request maintenance/repairs as set forth in the District's maintenance handbook, including the procedures for obtaining emergency work, which is of such importance that immediate action is required to prevent a safety or health hazard, or prevent significant damage to District property. The District will annually provide any updated maintenance handbook to Charter School on or before July 1 of each year during the term of this Agreement. Charter School shall not undertake and/or engage in any maintenance and/or repairs, beyond ordinary custodial services and grounds keeping services.

Notwithstanding the District's maintenance obligations, Charter School shall be responsible for the cost of and shall pay for any repairs, replacements, or services of any character whatsoever that are occasioned or are made necessary by reason of the Charter School's negligence or misuse of the Subject Property or otherwise caused by Charter School's use of the Subject Property beyond ordinary wear and tear. Charter School shall immediately notify the District in the event repairs, replacements, or services of any character whatsoever are necessary, including when caused by reason of the Charter School's negligence or misuse of the Subject Property.

The District reserves the right to implement a different process and/or procedure for submission of maintenance/repair requests, in which case it will provide notice to the Charter School of the changes to the process. The District will need to access the Subject Property during normal District hours of operation, which may coincide with Charter School's hours of operation, in order to perform maintenance and repairs. District staff shall be allowed to access the Subject Property during Charter School's hours of operation, provided that such entries do not unreasonably interfere with the operation of the Charter School or unreasonably interrupt instruction to students.

17. Installation of Improvements by Charter School. Charter School shall not construct or install any improvements (as defined in Civil Code 660) on the Subject Property or otherwise alter the Subject Property without the prior written consent of District, and, if required, the Division of the State Architect ("DSA"). District's approval of any improvements, including the construction schedule, work hours, and modifications, shall be at District's sole and absolute discretion, and District may disapprove of such improvements for any or no reason. Unless otherwise specified in this Agreement, in each case in which prior written consent of the District is required under this Section 17 or any other provision of this Agreement, such consent shall be obtained exclusively from the District's Superintendent or designated representative, and consent

obtained from any other source shall be invalid. Contractors retained by Charter School with respect to the construction or installation of improvements shall be fully licensed and bonded as required by law and must maintain levels of casualty, liability and workers' compensation insurance and performance and payment bonds consistent with District construction requirements for similar or like projects. The construction or installation of improvements shall be performed in a sound and workmanlike manner, in compliance with all applicable laws, including, but not limited to, building codes, fingerprinting requirements, and prevailing wage laws, if prevailing wage requirements are applicable to the project. District or District's agent shall have a continuing right at all times during the period that improvements are being constructed or installed to enter the premises and to inspect the work, provided that such entries and inspections do not unreasonably interfere with the progress of the construction or unreasonably interrupt instruction to students. Charter School shall indemnify, defend, and hold harmless District, its directors, officers, and employees from any loss, damage, claim, cause of action, cost, expense, or liability arising out of or caused by any violation by the Charter School or its directors, officers, employees, or contractors of any applicable federal, state, or local statute, ordinance, order, governmental requirement, law, or regulation that applies to any work, including, without limitation, any labor laws and/or regulations requiring that persons performing work on any improvements be paid prevailing wage.

Charter School shall deliver to District, promptly after Charter School's receipt thereof, originals or, if originals are not available, copies of any and all of the following instruments and documents pertaining to any testing, construction, repair, or replacement of improvements on the Subject Property: (a) plans and specifications for the subject improvements; (b) test results, physical condition and environmental reports and assessments, inspections, and other due diligence materials related to the subject improvements; (c) permits, licenses, certificates of occupancy, and any and all other governmental approvals issued in connection with the subject improvements; (d) agreements and contracts with architects, engineers, and other design professionals executed with respect to the design of the subject improvements; (e) construction contracts and other agreements with consultants, construction managers, general and other contractors, and equipment suppliers pertaining to the construction, repair, or replacement, as the case may be, of the subject improvements; and (f) all guaranties and warranties pertaining to the construction, repair or replacement, as the case may be, of the subject improvements.

Charter School shall not permit any liens or claims to stand against the Subject Property for labor or material furnished in connection with any work performed by Charter School. Upon reasonable and timely notice of any such lien or claim delivered to Charter School by District, Charter School may bond and contest the validity and the amount of such lien, but Charter School shall immediately pay any judgment rendered, shall pay all proper costs and charges, and shall have the lien or claim released at its sole expense. Additionally, Charter School may not use or operate the improvements until the project is closed-out and certified by DSA, if applicable, and/or final approval is received from any applicable agency. Charter School shall provide evidence of closeout and certification or approval, in a form reasonably acceptable to the District.

18. Provision of Facilities.

a. The District shall provide the Charter School use of the areas identified as “Black Top,” “Play Space,” “5,760 Sq. Ft Building,” and “Dedicated Parking,” in Exhibit “A”.

b. The Charter School’s use of specific spaces/facilities under this Agreement will remain within the maximum occupancy/capacity limits of the specific spaces within the Subject Property as mandated by all appropriate local and state authorities and building codes.

c. At all times Charter School has occupancy and use of the Subject Property or any portion thereof pursuant to this Agreement, Charter School must have in place a site-specific School Safety Plan adopted in full compliance with the requirements of Education Code Section 47605(c)(5)(F), and shall provide the District a copy of the minutes from the Charter School Board meeting at which Charter School’s School Safety Plan was adopted. Charter School shall update the School Safety Plan annually by March 1, and provide a copy of the agenda by which the Board will take that action on or before March 1 each year. Charter School shall provide the District with a copy of the minutes from the Charter School Board meeting at which the School Safety Plan is updated within one week of the Charter School Board’s approval of the minutes, and no later than April 20 annually.

19. Security. The Parties acknowledge that the Charter School is responsible for ensuring the security of the Subject Property through security systems and devices, including, but not limited to, any locks, gates, and/or security systems already existing on the Subject Property. Charter School shall be solely responsible for contracting with any security service firm for alarm and monitoring services it may choose to implement for the remainder of the Subject Property. The Charter School is required at all times to maintain the security of the Subject Property. No locks or keys shall be changed without first obtaining approval from the District’s Director of Maintenance & Operations. Within five (5) working days after new alarm codes, locks, and/or keys have been changed or added, the Charter School shall provide new alarm codes, combinations, and/or keys to the District’s Director of Maintenance & Operations. Contact information can be found in the District’s maintenance handbook and on the District’s website. Under no circumstance is the District responsible for any loss Charter School may suffer at the Subject Property.

20. Conduct of Officers, Employees, Contractors, Volunteers, and Invitees. Charter School shall ensure that its officers, employees, contractors, volunteers, invitees, and all others in attendance for the purposes of or related to Charter School’s use of the Peralta Site have background and medical clearance as required by law and adhere to proper standards of public conduct and comply with all District policies. There is to be no consumption of intoxicating liquors or other controlled substances, smoking, vaping, gambling, quarreling, fighting, use of profane language, or indecent exposure on or near the Subject Property. In the event the District determines, in its reasonable discretion, that an officer, employee, contractor, volunteer, or invitee of Charter School is failing to adhere to proper standards of public conduct, is in violation of any applicable District Policies and/or Administrative Regulations, and/or is in any way materially

disrupting the activities of the District's employees, students, and/or invitees, or other lawful users/occupants of the Peralta Site, the District reserves the right to remove said individual and/or require Charter School to remove said individual from the District's Peralta Site. The District shall then identify its specific concerns to the Charter School in writing and meet with the Charter School to discuss its decision to require removal of the individual from the Peralta Site, in order to identify good faith solutions to the District's concerns. The District may prohibit future access to the Peralta Site, as allowed by applicable law and consistent with the relevant District policies.

21. Condition of Subject Property. The District makes no representation or warranty of any kind regarding the character of the Subject Property and/or Peralta Site, and Charter School hereby acknowledges and agrees it accepts the Subject Property and/or Peralta Site "AS-IS" and waives any implied warranty that the Peralta Site and/or Subject Property is suitable for Charter School's intended purposes. Charter School, at its expense, shall comply with all applicable laws, regulations, rules, and orders with respect to its use and occupancy of the Subject Property, including, without limitation, those relating to health, safety, noise, environmental protection, zoning conditions, waste disposal, and water and air quality. District makes no representation or warranty regarding the condition of the Peralta Site and/or Subject Property with respect to any public health concern and shall not be responsible or liable for any harm or damage related to any public health concern incurred by Charter School or any Charter School official, staff, student, or guest entering the Peralta Site and/or Subject Property at the invitation/request of, with the permission of, and/or on behalf of the Charter School, except where caused by the District's gross negligence or willful misconduct. By executing this Agreement, Charter School hereby accepts sole responsibility to take all steps necessary to comply with any law, regulation, or guidance related to its use of the Peralta Site and/or Subject Property to address any public health concern throughout the term of the Agreement including, but not limited to, implementing mask requirements, social distancing protocols, and providing extra sanitation throughout the Subject Property. Charter School is solely responsible for determining any public health concern laws, regulations, and/or guidelines applicable to its use of the Peralta Site and/or Subject Property and ensuring compliance throughout the term of the Agreement, which may include temporarily limiting or stopping use of the Peralta Site and/or Subject Property based on current or future orders by the federal, state, or local government and implementing safety procedures including, but not limited to, requiring face masks, implementing social distancing procedures, conducting "deep cleaning" in high traffic areas, and providing extra sanitary supplies for anyone entering the property. Charter School shall require and ensure that its officers, employees, contractors, volunteers, invitees, and all others in attendance for the purposes of or related to Charter School's use of the Peralta Site comply with all laws and/or federal, state, or local public health orders, guidance, or requirements relative to any public health concern and/or any pandemic or public health matter. The Parties shall communicate any public health concern notices in accordance with requirements of Cal/OSHA, Orange County Health Care Agency (OCHCA), and/or California Department of Public Health (CDPH). By entering into this Agreement, District is not making any implied or explicit suggestion or warranty that the Peralta Site and/or Subject Property is protected from any public health concern or otherwise safe for use. This Agreement does not require the District to take any additional responsibility for additional cleaning or sanitation obligations with respect to the Subject Property that shall remain the sole responsibility of the Charter School. However, the District agrees to comply with any law, regulation, or guidance related to its use of the Peralta Site to address any public health concern throughout the term of the

Agreement including, but not limited to, implementing mask requirements, social distancing protocols, and providing sanitation with respect to the District's use of the Peralta Site.

Should any discharge, leakage, spillage, emission, or pollution of any type occur upon or from the Peralta Site and/or Subject Property due to the Charter School's use and/or occupancy thereof, Charter School, at its sole expense, shall be obligated to clean all the property affected, including, if applicable, any properties in the vicinity of the Subject Property, to the satisfaction of District and any governmental agencies having jurisdiction over the Subject Property or any other properties affected by the discharge, leakage, spillage, emission, or pollution. If the Charter School fails to take steps to clean the property(ies) or otherwise fails to comply with any requirements regarding the cleanup, remediation, removal, response, abatement or amelioration of any discharge, leakage, spillage, emission, or pollution of any type, or fails to pay any legal, investigative, and/or monitoring costs, penalties, fines, and/or disbursements, the District reserves the right to take over the required action and to take all necessary steps to recoup any and all costs associated therewith from the Charter School, which shall remain a liability of Charter School until paid in full, including a five percent service fee to the District.

Upon termination or expiration of the Agreement, Charter School shall return the Subject Property and any then-existing improvements to the District in clean, good order, condition, and repair, ordinary wear and tear excepted, free and clear of all liens, claims, and encumbrances. Charter School shall remove from the Subject Property all of Charter School's personal property and trade fixtures. All property not so removed shall be deemed abandoned by Charter School and Charter School shall be responsible for any costs incurred by the District for the removal of such abandoned property.


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_____ Charter School's INITIALS

22. Title to Subject Property. The Parties acknowledge that title to the Subject Property is held by the District and shall remain in the District's name at all times.

23. Insurance. The District will maintain its current levels of insurance on the structures on the Subject Property. Parties agree that self-insurance through a Joint Powers Authority shall satisfy District's obligations under this Section 23. District shall not be responsible for insuring any of the Charter School's personal property or persons (including without limitation students or members of staff). Charter School shall procure and maintain, for the duration of this Agreement, insurance coverage as set forth in Exhibit "B," attached hereto and incorporated herein by this reference, with insurance carriers that are admitted or authorized non-admitted insurers by the State of California and with a rating equivalent to an A:VII by A.M. Best Company. The insurance and/or coverage required by this Agreement shall be endorsed to name the District, the District Board and Board members, the Superintendent, District officers, committees, boards, and administrators, employees, agents, representatives, volunteers, successors, and assigns as additional insureds. The District must be listed as the certificate holder. The policy number/s on the certificates of insurance must match those on the endorsements. Charter School may use a self-insurance and/or joint powers authority mechanism to meet the described insurance requirements.

Each policy or memorandum of coverage required to be maintained by Charter School above shall be endorsed to provide for thirty (30) days' prior written notice of suspension, recession, voiding, exhaustion, cancellation, non-renewal, or change in coverage, scope, or amount of any policy be given to the District by the insurer and Charter School by U.S. Mail, certified, or by personal delivery, and if Charter School's insurance company does not provide notice of cancellation to additional insureds, Charter School shall provide the District with notice of cancellation no more than three (3) business days after it receives any such notice from its insurance company, and to establish that coverage for anything other than structures is primary and that any insurance or self-insurance held by the District, its officials, employees, and agents shall be excess and shall not contribute to it. The District's property insurance shall be primary. Upon receipt of notice that any policy of insurance or memorandum of coverage required by the foregoing provisions of this Agreement will be suspended, exhausted, rescinded, voided, canceled, reduced in coverage or in limits, or non-renewed, or materially changed for any reason, the Parties will discuss the Charter School's plan to ensure its ongoing compliance with its insurance obligations as set forth in this Agreement, and Charter School shall provide proof of such coverage prior to the date on which the coverage was to be changed. If, for any reason at any time any policy of insurance or memorandum of coverage required by the provisions of this Agreement is suspended, rescinded, voided, exhausted, terminated, canceled, significantly reduced in coverage or in limits, non-renewed, or materially changed for any reason, the Charter School shall suspend operations at the Subject Property until such policy of insurance and/or memorandum of coverage is restored, which Charter School shall restore within seven (7) business days. The District reserves the right to terminate this Agreement should Charter School fail to restore and/or provide the insurance or memorandum of coverage required by this Agreement within said seven (7) business days.

District's insurance shall be primary for claims for damage to the Subject Property's physical structures caused by the actions of third parties, except to the extent that the third party's actions arose as a result of the negligence, intentional disregard, or malfeasance of the Charter School or the third parties were present at the Subject Property at the invitation of Charter School, on behalf of Charter School, or related to Charter School's use of the Peralta Site.

Any waiver or modification of these insurance requirements can only be made with the prior written approval of the Superintendent or their designee.

The coverage and limits required hereunder shall not in any way limit the liability of the Charter School nor are the insurance requirements herein intended to represent adequate or sufficient coverage for the Charter School's risks hereunder.

Prior to taking occupancy of the Subject Property, Charter School will provide District with duplicate originals and endorsements of each policy of insurance and/or each memorandum of coverage required by the foregoing provisions of this Agreement, including all declarations, forms, and endorsements. This documentation shall be received and approved by the District at least ten (10) days prior to Charter School taking occupancy of the Subject Property and at least ten (10) days prior to the expiration/renewal date of each policy/memorandum of coverage, at any other time that a policy of insurance and/or memorandum of coverage is changed, and at any other time a request is made by the District for such documents. In no event shall the Charter School take occupancy of the Subject Property until after it has timely submitted and had approved its

proof of insurance as required hereby. Should the Charter School fail to timely provide and obtain approval of the required proof of insurance prior to the expiration/renewal date or at any other time that a policy of insurance and/or memorandum of coverage is changed, Charter School shall suspend operations at the Subject Property until such proof has been submitted to and approved by the District. The duplicate originals and original endorsements required by this provision shall be signed by a person authorized by the insurer and/or joint powers authority to bind coverage on its behalf. The procuring of such insurance and/or coverage or the delivery of duplicate originals and endorsements evidencing the same shall in no way be construed as a limitation of the obligation(s) of the Charter School to defend, indemnify, and hold harmless the District, the District Board and Board members, the Superintendent, District officers, District appointed groups, committees, boards, and any other District appointed body, and administrators, employees and attorneys, agents, representatives, volunteers, successors, and assigns.

24. Indemnification. With the exception of any liability, claims, or damages caused by the gross negligence or willful misconduct of the District, the Charter School shall indemnify, hold harmless, and defend the District, its trustees, officers, employees, and agents against and from any and all claims, demands, actions, causes of action, suits, losses, liability, expenses, penalties, obligations, errors, omissions, and costs, including legal costs, attorney's fees, and expert witness fees, whether or not suit is actually filed, and/or any judgment rendered against the District, its trustees, officers, employees, and agents, that may be asserted or claimed by any person, firm, or entity for any injury, death, or damage to any person or property occurring in, on, or about the Peralta Site and/or Subject Property after the Effective Date, arising from, or in connection with, the Charter School's use of the Peralta Site and/or Subject Property, or from the conduct of its business, including conduct of its board of directors, administrators, employees, agents, representatives, volunteers, subcontractors, invitees, successors, and/or assigns or from any activity, work, or other things done, permitted or suffered by Charter School in or about the Peralta Site and/or Subject Property. Charter School's obligation to defend the District and the other indemnitees identified herein is not contingent upon there being an acknowledgement or determination of the merit of any claims, demands, actions, causes of action, suits, losses, liability, expenses, penalties, obligations, errors, omissions, and/or costs. The Charter School shall also defend, indemnify and hold harmless District and its Board, employees, and agents from any harm, claim, liability, or damage arising out of, caused by, or from any person claiming to have contracted, or demonstrating contraction of, any public health concern, or any related sickness or ailment as the result of entering the Peralta Site and/or Subject Property at the invitation/request of, with the permission of, and/or on behalf of the Charter School, and/or related to Charter School's operations at the Subject Property, and any claimed violation of any rule, regulation, or guidance related to any public health concern arising from the Charter School's use of the Peralta Site and/or Subject Property.

With the exception of any liability, claims, or damages caused by the gross negligence or willful misconduct of the Charter School, the District shall indemnify, hold harmless, and defend the Charter School, its trustees, officers, employees and agents against and from any and all claims, demands, actions, causes of action, suits, losses, liability, expenses, penalties, obligations, errors, omissions, and costs, including legal costs, attorney's fees, and expert witness fees, whether or not suit is actually filed, and/or any judgment rendered against the Charter School, its trustees, officers, employees, and agents, that may be asserted or claimed by any person, firm, or entity for any injury, death, or damage to any person or property occurring in, on, or about the Subject Property

after the Effective Date, arising from the District's failure to maintain, repair, or keep in good repair the Subject Property, or in connection with, the District's use of the Subject Property, including conduct of its board of trustees, administrators, employees, agents, representatives, volunteers, subcontractors, invitees, successors, and/or assigns or from any activity, work, or other things done, permitted, or suffered by District in or about the Peralta Site and/or Subject Property.

This Section 24 shall survive the termination or expiration of this Agreement.

25. Cooperation to Address Any Traffic Concerns. Charter School agrees to cooperate with District, the City of Orange, and the neighborhood surrounding the Subject Property, to address concerns that may arise regarding traffic near the Subject Property during student drop-off and pick-up times during the school day, brought about by operations of the Charter School. Charter School will monitor traffic conditions surrounding the Subject Property and will be proactive in taking steps to maximize safety and minimize any congestion affecting the surrounding community. Uses contemplated under this Agreement will remain within the maximum occupancy/capacity limits of the specific spaces within the Subject Property as mandated by all appropriate local and state authorities and building codes. Charter School administration and staff shall park in the designated parking spaces within the Subject Property, and not in the surrounding neighborhood or other parking spaces at the Peralta Site.

26. Access. Charter School shall permit District, its agents, representatives or employees, to enter upon the Subject Property for the purpose of inspecting same or to make repairs, alterations, or additions to any portion of the Subject Property at any time. District shall give reasonable notice where practicable but shall not be obligated to do so in the event of emergency or imminent threat to health or safety of occupants or in order to conduct the business of the District, including but not limited to maintenance and verification of appropriate use of the Subject Property and/or the Peralta Site.

27. Force Majeure. In the event the District determines there are unsafe and/or dangerous conditions that pose a threat to life or property due to causes beyond its reasonable control, including but not limited to fires, flood, storm, explosions, earthquakes, telecommunications outages, acts of God, war, governmental action, pandemics, and epidemics ("Force Majeure Events"), District shall notify Charter School of its determination within five (5) business days. Charter School and District shall agree to meet within two (2) business days to discuss next steps regarding use and/or operation of the Subject Property. In the event District and Charter School mutually agree to a Force Majeure Event closing of the Subject Property, the District shall not be deemed in default of any provision of this Agreement, as long as the District's nonperformance is caused by a Force Majeure Event. The Charter School shall not be obligated to pay any usage fee or other costs during the time that the Subject Property is closed due to a Force Majeure Event. However, should the Charter School voluntarily choose (meaning not mandated by law and/or the condition of the Subject Property) not to use the Subject Property during a Force Majeure Event, the Charter School shall continue to remain obligated to pay any usage fee and/or other costs required under this Agreement so long as this Agreement remains in effect. Once District and Charter School mutually agree to reopen the Subject Property, the terms and conditions of this Agreement shall reinstate and apply in full force and effect.

28. Notice. Any notice required or permitted to be given under this Agreement shall be deemed to have been given, served, and received if given in writing and personally delivered or either deposited in the United States mail, registered or certified mail, postage prepaid, return receipt required, or sent by overnight delivery service, or via email, addressed as follows, unless otherwise explicitly specified pursuant to the terms of this Agreement:

If to the District:

Orange Unified School District
Attention: Assistant Superintendent-Business Services/CBO
1401 North Handy Street
Orange, CA 92867
sholguin@orangeusd.org

With concurrent copies to the Superintendent and the Assistant Superintendent, Human Resources, at the same address as above.

If to the Charter School:

Explore Academy
Attention: Executive Director
2190 North Canal St.
Orange, CA 92865
lschlottman@explorepublicschools.org

Any notice personally given shall be effective upon receipt. Any notice sent by overnight delivery service shall be effective the business day next following delivery thereof to the overnight delivery service. Any notice given by mail shall be effective three (3) days after deposit in the United States mail. Any notice given by e-mail shall be effective upon delivery to the recipient's email inbox. However, any e-mail notice delivered after 4:00 p.m. on any weekday, at any time on a weekend (Saturday or Sunday), or at any time on a federal, State, or District holiday or period when the District Office is closed, the e-mail Notice shall be deemed to have been served as of noon the next business day on which the District Office is open. Any party may change the address or persons to which notices are to be sent to it by giving written notice of such change of address or persons to the other Party in the manner provided for giving notice.

29. California Environmental Quality Act. Charter School acknowledges that the California Environmental Quality Act ("CEQA") may require the District to undertake certain studies and/or seek certain exemptions with regard to any projects described herein. Charter School acknowledges that obtaining CEQA approval for a project may cause delays and/or require that a project be modified or abandoned. The Charter School waives any claims against the District regarding delays, modifications, or abandonment of a project or use due to any inability to meet CEQA requirements.

30. No District Affiliation/Endorsement. Charter School shall not imply, indicate, or otherwise suggest that Charter School's use and/or any related activities are connected or affiliated with, or are endorsed, favored, or supported by the District. No signage, flyers, or other material may reference the District, any school name, logo, or mascot without the District's prior written

consent, except that Charter School may indicate the physical address of the Charter School and the District's ownership of the Peralta Site.

31. No Transfer or Assignment. Charter School, as a licensee, acknowledges that the rights conferred herein are personal to Charter School and do not operate to confer on or vest in Charter School any title, interest, or estate in the Subject Property or any part thereof, and therefore, Charter School shall not assign, hypothecate, or mortgage the Subject Property or any portion thereof, by, through or pursuant to this Agreement.


KAF

_____ Charter School's INITIALS

32. Independent Status. This Agreement is by and between two independent entities and is not intended to and shall not be construed to create the relationship of agent, servant, employee, partnership, joint venture, or association.

33. Entire Agreement of Parties. This Agreement, together with its attachments, constitutes the entire agreement between the Parties and supersedes all prior discussions, negotiations, and agreements, whether oral or written. In the event of a conflict between this Agreement and the Charter School's Charter, this Agreement shall control. This Agreement may be amended or modified only by a written instrument executed by the Parties.

34. Legal Interpretation. This Agreement shall be governed by and the rights, duties, and obligations of the Parties shall be determined and enforced in accordance with the laws of the State of California. The Parties further agree that any action or proceeding brought to enforce the terms and conditions of this Agreement shall be maintained in Orange County, California. The terms of the Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction that might otherwise apply. The Parties expressly understand and agree that this Agreement constitutes a license for use of the Subject Property, and is neither intended by the Parties, nor shall it be legally construed, to convey a leasehold, easement, or other interest in real property. Charter School acknowledges that a license is a valid form of agreement and shall not contest the validity of the form of this Agreement in any action or proceeding brought by Charter School against the District, or by the District against Charter School. Should either Party be compelled to institute arbitration, legal, or other proceedings against the other for or on account of the other Party's failure or refusal to perform or fulfill any of the covenants or conditions of this Agreement on its part to be performed or fulfilled, the Parties agree that the rules and principles applicable to licenses shall govern such actions or proceedings.


KAF

_____ Charter School's INITIALS

35. Waiver. The waiver by any Party of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, condition, or any subsequent breach of the same or any other term, covenant, or condition herein contained.

36. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, legal representatives, successors, and assigns.

37. Counterparts. This Agreement and all amendments and supplements to it may be executed in counterparts, and all counterparts together shall be construed as one document.

38. Captions. The captions contained in this Agreement are for convenience only and shall not in any way affect the meaning or interpretation hereof, be construed to limit or extend the meaning of this Agreement, nor serve as evidence of the interpretation hereof, or of the intention of the parties hereto.

39. Severability. Should any provision of this Agreement be determined to be invalid, illegal, unenforceable, or contrary to law, statute, and/or ordinance, such provision shall be severed and shall be inoperative, and, provided that the fundamental terms and conditions of the Agreement remain legal and enforceable, the remainder of this Agreement shall not be affected thereby and shall continue as valid, legal, and enforceable.

40. Incorporation of Recitals and Exhibits. The Recitals and each exhibit attached hereto are incorporated herein by reference.

41. Scanned/Electronic Signatures. This Agreement may be executed and transmitted to any other party by PDF or DocuSign or similar technology, which version of the Agreement shall be deemed to be, and utilized in all respects as, an original, wet-inked document. If one or more Parties choose to sign this Agreement with electronic signatures, such signatures will be obtained in compliance with the Uniform Electronic Transactions Act (Civil Code § 11633.1 *et seq.*) and Government Code Section 16.5 pertaining to digital signatures.

42. Board Approval. In accordance with Education Code Section 17604, this Agreement is not valid or an enforceable obligation against the District until approved or ratified by duly passed and adopted motion of the District's Governing Board of Education.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the day and year set forth below.

ORANGE UNIFIED SCHOOL DISTRICT

By Sistema Holguin
Its [Signature]

Date 12/17/2024

EXPLORE ACADEMY CHARTER SCHOOL & EXPLOREK12

By Kelly Felton
Its [Signature]
Kelly Felton (Nov 22, 2024 07:22 PST)

Date 11/22/2024

Exhibit "A"



Peralta School Site

2190 N. Canal Street, Orange, CA 92865

EXHIBIT "B"

CHARTER SCHOOL INSURANCE REQUIREMENTS

I. General Liability:

Commercial General Liability – \$5,000,000 per occurrence, \$50,000,000 aggregate For Bodily Injury, Personal and Advertising Injury and Property Damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit. Coverage shall be at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence Form CG 00 01 10 93).

II. Automobile Liability:

- A. \$2,000,000 per accident for Bodily Injury and Property Damage.
- B. Coverage to include "Owned, Non-Owned, and Hired" automobiles ("Any Autos").
- C. Coverage shall be at least as broad as Insurance Services Office Form Number CA 00 01 covering Automobile Liability, Symbol 1 ("Any Autos").

III. Workers' Compensation and Employer's Liability:

- A. Certificate of Insurance indicating "statutory" limits, as required by the State of California.
- B. Employer's Liability - \$5,000,000 each accident for bodily injury by accident; \$5,000,000 each employee for bodily injury by disease; 5,000,000 coverage period aggregate.

IV. Property Insurance: Ø Limit: Replacement Value:

- A. Certificate of Insurance evidencing coverage for all property owned and controlled by the Charter School that resides on the District's premise(s).

V. Sexual Abuse or Molestation Liability:

- A. \$5,000,000 per occurrence, \$5,000,000 aggregate

VI. Crime Insurance:

- A. Money and Securities: \$1,000,000 per occurrence
- B. Forgery and Alteration: \$1,000,000 per occurrence
- C. Employee Dishonesty: \$1,000,000 per occurrence

VII. Directors' and Officers' Liability/Educator's Legal Liability (ELL):

- A. \$2,000,000 minimum limit per occurrence or claim, \$2,000,000 aggregate.


First Amended and Restated License Agreement with Explore(51942134.1)

Final Audit Report

2024-11-22

Created:	2024-11-21
By:	Laura Schlottman (lschlottman@explorepublicschools.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAP_cBH2YUvhR1__iN6EcyuowSlrVOtx3f


"First Amended and Restated License Agreement with Explore(51942134.1)" History

 Document created by Laura Schlottman (lschlottman@explorepublicschools.org)
2024-11-21 - 4:05:28 AM GMT

 Document emailed to kfelton@explorepublicschools.org for signature
2024-11-21 - 4:05:33 AM GMT

 Email viewed by kfelton@explorepublicschools.org
2024-11-22 - 3:21:38 PM GMT

 Signer kfelton@explorepublicschools.org entered name at signing as Kelly Felton
2024-11-22 - 3:22:44 PM GMT

 Document e-signed by Kelly Felton (kfelton@explorepublicschools.org)
Signature Date: 2024-11-22 - 3:22:46 PM GMT - Time Source: server


 Agreement completed.
2024-11-22 - 3:22:46 PM GMT

EXHIBIT D

**ORANGE UNIFIED SCHOOL DISTRICT'S LETTER TO EXPLORE
DATED MAY 27, 2026
("OUSD LETTER")**



ORANGE UNIFIED SCHOOL DISTRICT

Business Services

1401 North Handy Street • Orange, CA 92867-4334

714-628-4479 • 714-628-4046 (Fax)

www.orangeusd.org

VIA EMAIL: lboucher@explorepublicschools.org

May 27, 2026

Mr. Boucher-Reyes,

Ms. Hood forwarded your email message, and I wanted to provide you with the District's response since I believe there may be a bit of a disconnect.

As you are aware, the District and Explore Academy entered into a First Amended and Restated License Agreement in 2024. The Agreement provided Explore Academy with a license to use a portion of the 2190 Canal Street property (i.e., the Peralta Site) beginning on July 25, 2023, and ending on June 30, 2026, unless the Agreement was terminated early. Section 1.a. of the Agreement states the following:

Charter School acknowledges and agrees that the District has declared the Peralta Site as surplus property pursuant to Education Code section 17466 and that the District retains all rights and full and complete authority over the Peralta Site as surplus property, including, but not limited to, the right to make other use(s) of the Peralta Site, not to use some or all of the Peralta Site for any purposes, or to dispose of some or all of the Peralta Site at any time, and/or deny Charter School any option or opportunity to continue using the Peralta Site beyond this term or the termination of this Agreement, regardless of whether or how the Peralta Site may be used by the District. Charter School acknowledges and agrees that it shall have no claim to or right of use of the Peralta Site beyond the terms specified in this Agreement, unless explicitly granted by the District through a future written agreement. Charter School shall not challenge any District decision to terminate this Agreement and/or deny any future request by Charter School for use of any portion of the Peralta Site. Charter School agrees that its use of the Peralta Site pursuant to this Agreement does not afford it any future right of use, including pursuant to Proposition 39 and any decision by the District to deny Charter School use of any portion of the Peralta Site is deemed "necessary" pursuant to Education Code Section 47614(b), irrespective of the reason for the District's decision and/or any use or nonuse that the District may plan or make of the Peralta Site.

Therefore, as stated unequivocally in Section 1.a. above, Explore Academy does not have any entitlement to occupy or use the Peralta Site (or any other District property) beyond the term of this Agreement, which expires on June 30, 2026.

Additionally, Section 11 of the Agreement is the only provision that addresses a potential relocation in the event of early termination. That section provides that if the District terminates the Agreement without cause during the period of July 1, 2025 through June 30, 2026, the District would provide Explore Academy with the use of six classrooms, a set of student and adult

restrooms, use of black top and play space, and parking spaces. However, that provision has not been triggered because the District has not, to date, terminated the Agreement without cause.

Further, the November 2025 SBE agenda item includes a statement in the “Summary of Key Issues” that the property “currently houses Explore Academy...which has a facilities use agreement in place with the district for the 2025-26 school year. The lease would require the district to relocate Explore Academy to a different site should the district choose to terminate their lease mid-year.” The language in this item (though incorrectly referencing the type of agreement between the parties) expressly recognizes that the agreement is operative for the 2025-26 school year. As you know, a school year runs from July 1 through June 30. Therefore, the agenda item is referring to a potential relocation *during the 2025-2026 school year*. The month of June is mid-year when looking at a calendar year; however, this is not what was meant by the item, and such language (if read as a calendar year) would be in direct contradiction to the express terms of the Agreement which has a set expiration date of June 30, 2026. In addition, neither the CDE nor the SBE are parties to the Agreement and cannot extend the Agreement beyond the expiration of its term.

Finally, as you will recall, Explore Academy submitted a request for use of District facilities under Proposition 39 for the 2026-2027 school year—therefore directly acknowledging that it had no entitlement to use of District facilities beyond June 30, 2026. The District, however, determined that Explore Academy was not eligible for such use under Proposition 39.

I hope the above clarifies the issue. Please let me know if you have further questions.

Sincerely,



Yuri Calderón
Interim Assistant Superintendent, Business Services

EXHIBIT E

NOVEMBER 2025 ENROLLMENT AND STAFFING PLAN

Explore Academy Enrollment & Staffing Plan

11.18.2025

Enrollment Plan	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
TK	10	10	10	10	10	10
K-3	37	40	45	60	60	60
4-6	23	25	40	45	45	45
7-8	3	30	35	35	35	35
9-12	0	0	0	10	10	10
Total Enrollment	73	105	130	160	160	160

Staffing Plan	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Certificated Teachers	5	6	7	8	8	8
Aides	5	5	6	7	7	7
Office Manager	0.7	1	1	1	1	1
Administrator	1	1	1	1	1	1

Ratio of Enrollment to Staffing	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Certificated Teachers	15	18	19	20	20	20
Aides	15	21	22	23	23	23

EXHIBIT F

**EXECUTED PROMISSORY NOTE WITH EAOC FUNDING I, LLC IN
CONNECTION WITH HERBERT J. SIMS & CO (HJ SIMS)**

(“HJ SIMS PROMISSORY NOTE”)

PROMISSORY NOTE

\$750,000.00

THIS PROMISSORY NOTE (this “Note”) is effective as of June 13, 2024, and is made payable by **EXPLOREK12**, a California nonprofit public benefit corporation (the “Borrower”) to the order of **EAO FUNDING I, LLC**, a Connecticut limited liability company (the “Lender”).

The Borrower hereby unconditionally promises to pay to the order of the Lender the principal amount of **SEVEN HUNDRED FIFTY THOUSAND DOLLARS AND ZERO CENTS (\$750,000.00)**, together with interest thereon from and after the date hereof and until maturity at the rate of interest and upon the terms and conditions set forth below (the “Loan”).

1. Loan. This Note is the promissory note defined in that certain Loan and Security Agreement between Lender and Borrower dated as of June 1, 2024, as amended from time to time (the "Loan Agreement") and is governed by the terms thereof. Each capitalized term not otherwise defined in this Note shall have the meaning set forth in the Loan Agreement. This Note, together with the Loan Agreement, constitutes certain of the “Loan Documents” as defined and designated in the Loan Agreement. Some or all of the Loan Documents, including, but not limited to, the Loan Agreement, contain provisions for the acceleration of the maturity of this Note.
2. Interest. Interest will accrue on the outstanding principal balance hereof at a rate of ten percent (10.000%) per annum (the “Interest Rate”). Interest shall be calculated on the basis of a 360-day year of twelve (12) months of thirty (30) days each.
3. Repayment. All accrued interest and outstanding principal shall be due at final maturity. Prior to maturity, Borrower shall make the following installments of principal on the dates set forth below together with accrued and unpaid principal to the date thereof:

Loan Payment Schedule				Applied to Bonds on
Payment Date	Principal	Interest	Total	
11/25/2024	-	35,000.00	35,000.00	12/1/2024
2/25/2025	-	18,750.00	18,750.00	3/1/2025
5/25/2025	-	18,750.00	18,750.00	6/1/2025
8/25/2025	-	18,750.00	18,750.00	9/1/2025
11/25/2025	-	18,750.00	18,750.00	12/1/2025
2/25/2026	-	18,750.00	18,750.00	3/1/2026
5/25/2026	100,000.00	18,750.00	118,750.00	6/1/2026
8/25/2026	-	16,250.00	16,250.00	9/1/2026
11/25/2026	-	16,250.00	16,250.00	12/1/2026
2/25/2027	-	16,250.00	16,250.00	3/1/2027
5/25/2027	100,000.00	16,250.00	116,250.00	6/1/2027
8/25/2027	-	13,750.00	13,750.00	9/1/2027
11/25/2027	-	13,750.00	13,750.00	12/1/2027
2/25/2028	-	13,750.00	13,750.00	3/1/2028
5/25/2028	100,000.00	13,750.00	113,750.00	6/1/2028
8/25/2028	-	11,250.00	11,250.00	9/1/2028
11/25/2028	-	11,250.00	11,250.00	12/1/2028
2/25/2029	-	11,250.00	11,250.00	3/1/2029
5/25/2029	450,000.00	11,250.00	461,250.00	6/1/2029

* Interest is shown assuming that principal payments are paid on time to be applied to the Bonds on the corresponding dates. In the case of a difference in the calculation of interest between the above schedule and a loan statement provided to the Borrower by the Lender, the loan statement shall prevail.

4. Term. All unpaid principal and interest under the Note will be due and payable in full on June 1, 2029 (the “Maturity Date”).

5. Prepayment. Borrower shall be entitled to prepay all or part of the indebtedness evidenced by this Note at any time after June 1, 2025 and prior to the date or dates due after making the “Redemption Premium.”

The “Redemption Premium” is due for any prepayment of the Note (i) on or after June 1, 2025 but prior to June 1, 2026 is equal to 101% of the principal amount of the Loan to be prepaid. There is no Redemption Premium for prepayments made on or after June 1, 2026.

6. Payments Details. All payments made under this Note shall be made in lawful money of the United States of America. All payments made on this Note shall be, at the option of Lender, applied first to any unpaid collection costs, then to any late charges, then to accrued unpaid interest and then to outstanding principal.

7. Security. Borrower acknowledges that this Note is secured by Collateral and a UCC-1 financing statement filed with the Secretary of State of California.

8. Default. Each of the events listed in Section 7.1 of the Loan Agreement shall constitute an event of default under this Note (“Event of Default”). Upon the occurrence of an Event of Default, or at any time thereafter, Lender will have, at Lender’s option, the rights and remedies as described in Section 7.2 of the Loan Agreement.

9. Default Rate. Upon the occurrence of an Event of Default, the interest rate on this Note shall, upon demand of Lender, be the lower of the highest rate then allowed by law or two percentage points (2%) over the Interest Rate (the “Default Rate”). The Default Rate shall apply on the unpaid outstanding principal balance for each day as of the date of the Event of Default until the date the Event of Default is cured (in case of payment default, until actual receipt of sums due, before as well as after judgment). Anything in this Note or in the Loan Agreement to the contrary notwithstanding that the interest rate due on this Note shall never exceed the maximum rate permitted by law.

10. Partial Invalidity. Any provision of this Note that is illegal invalid or unenforceable shall be ineffective to the extent of such illegality, invalidity or unenforceability without rendering illegal, invalid or unenforceable the remaining provisions of this Note.

11. Amendments. This Note may not be changed orally but only by agreement in writing signed by Lender and Borrower.

12. Waiver. Borrower hereby waives presentment and demand for payment, notice of intent to accelerate maturity, notice of acceleration and maturity, protest or notice of protest and nonpayment, bringing of suit and diligence in taking any action to collect any sums owing hereunder, and agrees that its liability hereunder and under any Loan Document shall not be affected by any release of or change in any security for the payment of sums due under this Note or any Loan Document.

13. Attorneys' Fees and Costs. If any party to this Note brings an action to interpret or enforce its rights under this Note, the prevailing party will be entitled to recover its costs and reasonable attorneys' fees as awarded in the action.

14. Governing Law. This note shall be and be deemed to be for all purposes a negotiable instrument and shall be governed by and construed in accordance with the laws of the State of Maryland.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed, sealed and delivered as of the date first set forth above.

WITNESS:

EXPLOREK12


By:  (Seal)
Name: Laura Schlottman
Title: Executive Director

EXHIBIT G

EAOB FUNDING I, LLC LETTER DATED APRIL 23, 2026

(“HJ SIMS LETTER”)

April 23, 2026

VIA EMAIL

Cecilia Iglesias
Explore Academy- Executive Director
2190 North Canal St.
Orange, CA 92865
(949) 994-8084
ciglesias@explorepublicschools.org

Re: Consent to Temporary Suspension of Monthly Principal Installments in connection with that certain loan made by EAOC Funding I, LLC (the “Lender”) to EXPLOREK12 (the “Borrower”) in the amount of \$750,000, as evidenced by that certain Loan and Security Agreement dated as of June 1, 2024, along with the Promissory Note and any other ancillary documents (collectively, the “Loan”)

Dear Ms. Iglesias,

This letter serves as formal notification that Lender consents to Borrower’s request for a temporary suspension of the agreed-upon monthly principal installments for the Loan. We wish to clarify for the record that the Loan mandates only annual principal payments. The monthly installments were a separate arrangement established via email. As the Lender, we are providing this official allowance to suspend these monthly principal installments for the upcoming period as outlined below.

Please take note of the following terms regarding this suspension:

- 1. Suspension Period:** Effective June 1, 2026, through May 1, 2027, the agreed upon monthly principal installments are suspended (the “Suspension Period”).
- 2. Mandatory May 2026 Payment:** This suspension does not apply to the mandatory \$100,000 principal payment due on May 25, 2026. This payment remains due in full as required by the Loan.
- 3. Interest Obligations:** Regular monthly interest payments required under the Loan must continue to be made on their current schedule without interruption.
- 4. Repayment:** The total principal amount deferred during the Suspension Period (the “Suspended Amount”) remains due in full no later than May 25, 2027 (the “Due Date”). The Borrower shall satisfy this obligation either by (i) a lump-sum payment of the total Suspended Amount on the Due Date, or (ii) flexible “catch-up” installments prior to the Due Date of the total Suspended Amount subject to terms agreed upon by the Lender and Borrower. Thereafter, all principal payments shall return to being made in accordance with the principal schedule defined in the Loan.
- 5. Reservation of Rights:** This consent is a temporary accommodation. All terms of the Loan remain in full force and effect. This consent does not constitute a waiver of any rights or remedies available to the Lender under the Loan. Lender reserves the right to enforce all terms of the Loan Documents, including the Promissory Note, and to re-evaluate the necessity of monthly installments should the Borrower’s financial performance change in the future.

Sincerely,
EAOC Funding I, LLC



R. Jeffrey Sands
Managing Director