

REGULAR MEETING  
July 8, 2026  
2:30 p.m.

[X] Mailed [ ] Distributed at meeting RJA

Location: Orange County Department of Education, Boardroom, 200 Kalmus Drive, Costa Mesa, CA 92626  
YouTube Livestream: <https://www.youtube.com/live/xuVu7TRRBrg>

ORANGE COUNTY BOARD OF EDUCATION  
AGENDA

WELCOME

CALL TO ORDER

STATEMENT OF PRESIDING OFFICER: For the benefit of the record, this Regular Meeting of the Orange County Board of Education is called to order.

ROLL CALL

(\*) AGENDA

Regular Meeting of July 8, 2026 – Adoption

(\*) MINUTES

Regular Meeting of June 17, 2026 – Approval

TIME CERTAIN

1. Inter-district Appeal Hearing (Closed) – Student #07082026001I - Capistrano Unified School District to Newport Mesa Unified School District.
2. Inter-district Appeal Hearing (Closed) – Student #07082026002I - Capistrano Unified School District to Newport Mesa Unified School District.
3. Inter-district Appeal Hearing (Closed) – Student #07082026003I - Capistrano Unified School District to Newport Mesa Unified School District.
4. Inter-district Appeal Hearing (Closed) – Student #07082026004I - Huntington Beach Union High School District to Newport Mesa Unified School District.
5. Inter-district Appeal Hearing (Closed) – Student #07082026005I - Lake Elsinore Unified School District to Newport Mesa Unified School District.

CLOSED SESSION 1

CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION  
Potential litigation pursuant to (d) (4) of Government Code Section 54956.9

CLOSED SESSION 2

Government Code Section 54956.8  
Conference regarding real property located at Argosy, 601 S. Lewis Street, Orange, CA 92868.

INVOCATION

5:00 p.m.

PLEDGE OF ALLEGIANCE

INTRODUCTIONS

ORGANIZATIONAL MEETING

6. Oath of Office - To be administered to elected Orange County Superintendent of Schools, Stefan Bean, Ed.D. by the Bean Family.
7. Oath of Office - To be administered to re-elected Board Member, Mari Barke, Trustee Area 2.
8. Oath of Office - To be administered to re-elected Board Member, Lisa Sparks, Ph.D., Trustee Area 5, by Linda Lindholm, former OCBE Trustee.
9. Election of Officers for 2026-2027 Term – President Barke, will preside for the election of President of the Board, Vice President, and Clerk of the Board.

PUBLIC COMMENTS (General)

CONSENT CALENDAR

- (\*) 10. Approve the granting of diplomas to the students listed from Alternative, Community, and Correctional Education Schools and Services, Alternative Education Division.
- (\*) 11. Approve disbursement of funds for Orange County Board of Education professional organization membership dues in the amount of \$250.00 for Orange County School Boards Association (OCSBA), 2026-2027 fiscal year.
- (\*) 12. Approve disbursement of funds for Orange County Board of Education professional organization membership dues in the amount of \$50.00 for PTA, 2026-2027 fiscal year.
- (\*) 13. Approve registration and travel for Board Members to attend education related events/meetings sponsored by California School Boards Association (CSBA), effective July 1, 2026 for the 2026-2027 fiscal year.
- (\*) 14. Approve registration and travel for Board Members to attend education related events/meetings sponsored by California Charter Schools Association (CCSA), effective July 1, 2026 for the 2026-2027 fiscal year.
- (\*) 15. Approve registration and travel for Board Members to attend education related events/meetings sponsored by Orange County School Boards Association (OCSBA), effective July 1, 2026 for the 2026-2027 fiscal year.

- (\*) 16. Approve registration and travel for Board Members to attend education related events/meetings sponsored by National Alliance for Public Charter Schools, effective July 1, 2026 for the 2026-2027 fiscal year.
- (\*) 17. Approve registration and travel for Board Members to attend education related events/meetings sponsored by the Association of California County Boards of Education, effective July 1, 2026 for the 2026-2027 fiscal year.

CHARTER SCHOOLS

- 18. Charter submissions
- (\*) 19. Charter School Public Hearing – Excel Academy Charter School  
Aracely Chastain, Executive Director, Charter Schools Unit, will facilitate the public hearing.  
  - Discussion Format
  - Excel Academy Charter School
  - Irvine Unified School District
  - Public Comments
  - Board Questions
- (\*) 20. Charter School Public Hearing – International School for Science and Culture  
Aracely Chastain, Executive Director, Charter Schools Unit, will facilitate the public hearing.  
  - Discussion Format
  - International School for Science and Culture
  - Public Comments
  - Board Questions
- (\*) 21. Charter School Public Hearing – Explore Academy Charter School  
Aracely Chastain, Executive Director, Charter Schools Unit, will facilitate the public hearing.  
  - Discussion Format:
  - Explore Academy Charter School
  - Public Comments
  - Board Questions
- (\*) 22. Board Action Explore Academy Charter School revocation.

INFORMATION ITEMS

COMMUNICATION/INFORMATION/DISCUSSION

ANNOUNCEMENTS

- Superintendent
- Deputy Superintendent

LEGISLATIVE UPDATES

COMMITTEE REPORT

BOARD MEMBER COMMENTS

CLOSED SESSION(S) PUBLIC REPORT OUT

ADJOURNMENT



Renee Hendrick  
Assistant Secretary, Board of Education

Next Regular Board Meeting – Wednesday, August 5, 2026, at 5:00 p.m.

Location - Orange County Department of Education, Boardroom, 200 Kalmus Drive, Costa Mesa, CA 92626  
and via YouTube Livestream.

Individuals with disabilities requiring special accommodation, including agenda or agenda packet materials in alternative formats or auxiliary aids and services, may request assistance by contacting Darou Sisavath, Board Clerk, at (714) 966-4012.

(\* ) Printed items are included in materials mailed to Board Members.

ORANGE COUNTY BOARD OF EDUCATION  
MINUTES

WELCOME

CALL TO ORDER

The Regular Meeting of the Orange County Board of Education was called to order by President Barke at 3:55 p.m., June 17, 2026, in the Board Room, 200 Kalmus Drive, Costa Mesa, CA 92626, alternate locations - HB AOSTA SAS di Alessandra e Marco Bich & C., Via Malherbes 18/A, 11100 Aosta (AO), Italy & The Westin Washington Downtown, 999 9th Street NW, Washington, DC 20001, and via YouTube live stream <https://www.youtube.com/live/NjRk0K4yj7U>.

ROLL CALL

Present:

Jorge Valdes, Esq.  
Ken L. Williams, D.O.  
Mari Barke  
Lisa Sparks, Ph.D. (joined the meeting virtually)

Absent:

Tim Shaw (joined the meeting virtually at approximately 4:15 p.m.)

AGENDA

Motion by Valdes, seconded by Williams, and carried by a roll call vote of 4-0 (Shaw Absent) to approve the agenda for the June 17, 2026, Regular Meeting.

MINUTES

Motion by Valdes, seconded by Williams, and carried by a roll call vote of 4-0 (Shaw Absent) to approve the minutes of the Regular meeting of June 3, 2026.

TIME CERTAIN

The Board recessed into closed session at 3:58 p.m. to conduct student appeal hearings and closed session items.

Note

Trustee Sparks was temporarily disconnected from the virtual meeting due to technical issues.

1. Inter-district Appeal Hearing (Closed) – Student # 06172026001I– Irvine Unified District to Newport-Mesa Unified School District.  
No action was taken, as the case was dismissed.
2. Inter-district Appeal Hearing (Closed) – Student # 06172026002I– Irvine Unified School District to Newport-Mesa Unified School District.

Motion by Barke, seconded by Valdes, and carried by a roll call vote of 3-0 (Sparks and Shaw Absent) to approve the appeal and allow the student to attend the Newport-Mesa Unified School District for the period of one academic year (2026-2027).

Note Trustee Sparks and Trustee Shaw joined the meeting at approximately 4:15 p.m.

- 3. Inter-district Appeal Hearing (Closed) – Student # 06172026003I– Huntington Beach City School District to Newport-Mesa Unified School District.

Motion by Barke, seconded by Valdes, and carried by a roll call vote of 5-0 to approve the appeal and allow the student to attend the Newport-Mesa Unified School District for the period of one academic year (2026-2027).

CLOSED SESSION 1

CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION  
Potential litigation pursuant to (d) (4) of Government Code Section 54956.9

CLOSED SESSION 2

Government Code Section 54956.8  
Conference regarding real property located at Argosy, 601 S. Lewis Street, Orange, CA 92868.

The Board reconvened in open session at 5:11 p.m.

INVOCATION

Bethany Ewers

PLEDGE OF ALLEGIANCE

Dennis Cole, Chief of Staff

INTRODUCTIONS

There were no introductions at this meeting.

Note

President Barke announced that Trustees Shaw and Sparks were participating remotely; therefore, all votes would be conducted by roll call.

PUBLIC COMMENTS (General)

- Katherine
- Cara
- Heidi
- Bethany

CONSENT CALENDAR

- 4. Motion by Williams, seconded by Valdes, and carried by a roll call vote of 5-0 to approve the granting of diplomas to the students listed from Alternative, Community, and Correctional Education Schools and Services, Alternative Education Division.

- 6. Board Action – Suncoast Charter School Agreement/MOU.

Motion by Valdes, seconded by Williams for discussion.

Subsidiary motion by Valdes, seconded by Williams, and carried by a roll call vote to table the item to be brought back at a later date.

### BOARD RECOMMENDATIONS

7. Motion by Barke, seconded by Williams, and carried by a roll call vote of 5-0 to adopt Resolution #19-26 regarding the 250th anniversary of the signing of the Declaration of Independence and the birth of the United States with one amendment, correcting the word “Orange County” to “Orange County Board of Education.”

### STAFF RECOMMENDATIONS

8. Motion by Williams, seconded by Barke, and carried by a roll call vote of 5-0 to adopt and approve the 2026-27 OCDE Local Control and Accountability Plan.
9. Motion by Williams, seconded by Valdes, and carried by a roll call vote of 5-0 to adopt and approve the College and Career Preparatory Academy Local Control and Accountability Plan.
10. Motion by Williams, seconded by Valdes, and carried by a roll call vote of 5-0 to approve the Annual County School Services Fund Budget of the County Superintendent of Schools.
11. The Board received the California School Dashboard Local Indicators: Orange County Department of Education Schools and Programs (ACCESS County Community, ACCESS Juvenile Hall, OCCS: CHEP/PCHS, and CONNECTIONS).
12. The Board received the California School Dashboard Local Indicators: College and Career Preparatory Academy.
13. The Board received the Orange County Department of Education Annual Summary Report.
14. Motion by Williams, seconded by Barke, and carried by a roll call vote of 5-0 to approve Resolution # 18-26 in accordance of regulations required under Proposition 30 and 55 regarding the Education Protection Account Proposed Expenditures.
15. Motion by Williams, seconded by Valdes, and carried by a roll call vote of 5-0 to approve apportionment of Federal Forest Reserve receipts in the amount of \$34,580.46.
16. Board Action on Superintendent’s Salary.

Motion by Williams, seconded by Barke to approve a 10% salary increase for the Superintendent.

During discussion, Dr. Bean stated that he preferred a 5% salary increase, consistent with the salary increase provided to teachers.

Subsidiary motion by Valdes, seconded by Sparks, and carried by a roll call vote of 5-0 to amend the motion to approve a 5% salary increase, plus the same cost-of-living adjustment (COLA) provided to other employee groups for the 2026–27 fiscal year.

17. Motion by Williams, seconded by Valdes, and carried by a roll call vote of 5-0 to approve the Notice of Intent to Revoke - Explore Academy.

## INFORMATION ITEMS

### COMMUNICATION/INFORMATION/DISCUSSION

- Salary increases over \$10,000 in accordance with Education Code 1302 and board policy 100-10 received.

### ANNOUNCEMENTS

#### ▪ Superintendent

- Introduced the OCDE's updated logo and brand mark, highlighting the redesign process and upcoming implementation with the new website.
- Reported attending several ACCESS and Connections graduation ceremonies and congratulated CCPA on graduating its second-largest class.
- Shared a student success story demonstrating the positive impact of ACCESS staff and teachers in supporting students.
- Announced Ella Wu as the grand prize winner of the USA 250 student competition and noted plans to invite her to perform at a future Board meeting.
- Recognized students from McGarvin Intermediate School and Gordon H. Beatty Middle School for their success at the National Academic Pentathlon.
- Thanked OCDE staff for their continued dedication to serving Orange County students.

#### ▪ Deputy Superintendent

- Next board meeting is on July 8, board deadline on June 24, and board packet delivery scheduled for Thursday, July 2.
- The office will be closed on Friday, July 3 in observance of July 4, Independence Day holiday.
- Currently there are five inter-district appeals for July and eleven for August.

### LEGISLATIVE UPDATES

- Vice President Shaw requested a review of SCA 5 with the Sheehy Group.

### BOARD MEMBER COMMENTS

- Vice President Shaw: Shared greetings from Washington, D.C., noting the city's preparations for the nation's 250th anniversary.
- Trustee Sparks: Reported that the G7 Summit caused minor traffic delays during her travel course, but all activities proceeded successfully.

- Trustee Valdes: Requested an update on negotiations regarding the summer school MOU and asked that the matter remain a priority.
- President Barke: Commented on attending several graduation ceremonies and congratulated students on their achievements.

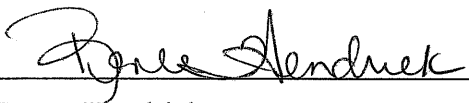
#### CLOSED SESSION(S) PUBLIC REPORT OUT

For Closed Session 1, General Counsel Greg Rolen reported that the Board met with legal counsel regarding potential litigation and provided direction to counsel and staff by a 4-0-1. Trustees Williams, Sparks, Barke, and Valdes voted in favor; Trustee Shaw abstained.

For Closed Session 2, General Counsel Greg Rolen reported that the Board met with the real property negotiator and provided direction regarding the parameters of negotiations.

#### ADJOURNMENT

On a motion duly made and seconded, June 17, 2026, board meeting adjourned at 6:46 p.m.



Renee Hendrick  
Assistant Secretary, Board of Education

Mari Barke  
President, Board of Education

Next Regular Board Meeting – Wednesday, July 8, 2026

Location - Orange County Department of Education, Boardroom, 200 Kalmus Drive, Costa Mesa, CA 92626 and via YouTube Livestream

Individuals with disabilities requiring special accommodation, including agenda or agenda packet materials in alternative formats or auxiliary aids and services, may request assistance by contacting Darou Sisavath, Board Clerk, at (714) 966-4012.

**Board Agenda Item**      Item: Consent Calendar #10  
**Diploma Approval**      July 8, 2026  
**June 3, 2026 - June 10, 2026**       Mailed     Distributed at meeting

W



**ORANGE COUNTY BOARD OF  
EDUCATION BOARD AGENDA ITEM**

**DATE:**            July 8<sup>th</sup>, 2026  
**TO:**                Renee Hendrick, Deputy Superintendent  
**FROM:**            Maria Martinez-Poulin Ed.D., Chief of Alternative Education - ACCESS  
**SUBJECT:**        Granting of Diplomas

The students listed on the attached pages have been certified for graduation by the Custodian of Records or their designee for the Division of Alternative Education and the Division of Special Education Services of the Orange County Department of Education. These students have met the standards of proficiency in the basic skills prescribed by the governing board in accordance with Education Code 51412. It is requested that the Board approve the granting of diplomas to these students.

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**RECOMMENDATION:**

Approve granting of diplomas to the students listed from Alternative, Community, and Correctional Education Schools and Services, Alternative Education Division and the Division of Special Education Services.

MMP

Pages 11-16 removed (CONFIDENTIAL STUDENT INFORMATION)

Item: Consent Calendar #11

July 8, 2026

*RW*

Mailed    Distributed at meeting

ORANGE COUNTY BOARD OF EDUCATION

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BOARD AGENDA ITEM

DATE: July 8, 2026  
TO: Renee Hendrick, Deputy Superintendent  
FROM: Darou Sisavath, Board Recording Clerk  
SUBJECT: Board Membership – OCSBA, 2026-2027

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RECOMMENDATION:

Approve disbursement of funds for Orange County Board of Education professional organization membership dues in the amount of \$250.00 for Orange County School Boards Association (OCSBA), 2026-2027 fiscal year.

July 8, 2026

BA

Mailed  Distributed at meeting

ORANGE COUNTY BOARD OF EDUCATION

BOARD AGENDA ITEM

DATE: July 8, 2026  
TO: Renee Hendrick, Deputy Superintendent  
FROM: Darou Sisavath, Board Recording Clerk  
SUBJECT: Board Membership – PTA, 2026-2027

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RECOMMENDATION:

Approve disbursement of funds for Orange County Board of Education professional organization membership dues in the amount of \$50.00 for PTA, 2026-2027 fiscal year.

July 8, 2026

RAA

ORANGE COUNTY BOARD

Mailed  Distributed at meeting

BOARD AGENDA ITEM

DATE: July 8, 2026  
TO: Renee Hendrick, Deputy Superintendent  
FROM: Darou Sisavath, Board Recording Clerk  
SUBJECT: Registration and Travel for Board Members – CSBA

In accordance with specified statutory regulations, County Board Members are reimbursed for expenses incurred when attending education related events/meetings. In order to simplify these reimbursement procedures, it is requested that approval be given for advance payment of fees as required by the meeting sponsor.

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RECOMMENDATION:

Approve registration and travel for Board Members to attend education related events/meetings sponsored by California School Boards Association (CSBA), effective July 1, 2026 for the 2026-2027 fiscal year.

July 8, 2026

DA

ORANGE COUNTY BOARD (  Mailed  Distributed at meeting

BOARD AGENDA ITEM

DATE: July 8, 2026  
TO: Renee Hendrick, Deputy Superintendent  
FROM: Darou Sisavath, Board Recording Clerk  
SUBJECT: Registration and Travel for Board Members – CCSA

In accordance with specified statutory regulations, County Board Members are reimbursed for expenses incurred when attending education related events/meetings. In order to simplify these reimbursement procedures, it is requested that approval be given for advance payment of fees as required by meeting sponsor.

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RECOMMENDATION:

Approve registration and travel for Board Members to attend education related events/meetings sponsored by California Charter Schools Association (CCSA), effective July 1, 2026 for the 2026-2027 fiscal year.

July 8, 2026

DA

ORANGE COUNTY BOARD OF SUPERVISORS     Mailed     Distributed at meeting

BOARD AGENDA ITEM

DATE:                July 8, 2026

TO:                    Renee Hendrick, Deputy Superintendent

FROM:                Darou Sisavath, Board Recording Clerk

SUBJECT:            Registration and Travel for Board Members – OCSBA

In accordance with specified statutory regulations, County Board Members are reimbursed for expenses incurred when attending education related events/meetings. In order to simplify these reimbursement procedures, it is requested that approval be given for advance payment of fees as required by meeting sponsor.

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RECOMMENDATION:

Approve registration and travel for Board Members to attend education related events/meetings sponsored by Orange County School Boards Association (OCSBA), effective July 1, 2026 for the 2026-2027 fiscal year.

July 8, 2026



ORANGE COUNTY BOARD OF  Mailed  Distributed at meeting

BOARD AGENDA ITEM

DATE: July 8, 2026

TO: Renee Hendrick, Deputy Superintendent

FROM: Darou Sisavath, Board Recording Clerk

SUBJECT: Registration and Travel for Board Members – National Alliance for Public Charter Schools

In accordance with specified statutory regulations, County Board Members are reimbursed for expenses incurred when attending education related events/meetings. In order to simplify these reimbursement procedures, it is requested that approval be given for advance payment of fees as required by meeting sponsor.

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RECOMMENDATION:

Approve registration and travel for Board Members to attend education related events/meetings sponsored by National Alliance for Public Charter Schools, effective July 1, 2026 for the 2026-2027 fiscal year.

July 8, 2026

RH

ORANGE COUNTY BOARD OF SUPERVISORS     Mailed     Distributed at meeting

BOARD AGENDA ITEM

DATE:            July 8, 2026

TO:                Renee Hendrick, Deputy Superintendent

FROM:            Darou Sisavath, Board Recording Clerk

SUBJECT:        Registration and Travel for Board Members – ACCBE

In accordance with specified statutory regulations, County Board Members are reimbursed for expenses incurred when attending education related events/meetings. In order to simplify these reimbursement procedures, it is requested that approval be given for advance payment of fees as required by the meeting sponsor.

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RECOMMENDATION:

Approve registration and travel for Board Members to attend education related events/meetings sponsored by the Association of California County Boards of Education (ACCBE), effective July 1, 2026 for the 2026-2027 fiscal year.

**ORANGE COUNTY BOARD OF  
EDUCATION  
BOARD AGENDA**

Item: Charter Schools #19

July 8, 2026

Mailed     Distributed at meeting

RA

**DATE:** July 8, 2026  
**TO:** Renee Hendrick, Deputy Superintendent  
**FROM:** Aracely Chastain, Executive Director, Charter Schools  
**SUBJECT:** Public Hearing – Excel Academy Charter School - Irvine Appeal Charter Petition

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**DESCRIPTION:**

On May 22, 2026, Excel Academy Charter School, Inc., a California nonprofit public benefit corporation, submitted an appeal charter petition to operate Excel Academy Charter School - Irvine following denial by the Irvine Unified School District governing board. The charter school proposes a non-classroom-based program serving students in transitional kindergarten through grade twelve.

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**RECOMMENDATION:**

Under California Education Code 47605, on July 8, 2026, the Orange County Board of Education will hold a public hearing on the provisions of the Excel Academy Charter School - Irvine charter and consider the level of support for the petition by teachers, parents or guardians, and the school district where the charter school petitioner proposes to open a school facility.

**ORANGE COUNTY BOARD OF  
BOARD AGENDA IT**

Item: Charter Schools #20

July 8, 2026

RK

Mailed     Distributed at meeting

**DATE:** July 8, 2026  
**TO:** Renee Hendrick, Deputy Superintendent  
**FROM:** Aracely Chastain, Executive Director, Charter Schools  
**SUBJECT:** Public Hearing – International School for Science and Culture Material Revision

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**DESCRIPTION:**

On June 22, 2026, ISSAC ORG INC., a California nonprofit public benefit corporation operating International School for Science and Culture, submitted a request for a material revision to its charter to add a school facility within the boundaries of Newport-Mesa Unified School District. The charter school proposes to begin operating at the additional facility during the 2026–27 school year.

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**RECOMMENDATION:**

Pursuant to Education Code section 47605, the Orange County Board of Education will hold a public hearing on July 8, 2026, to consider the level of support for the proposed material revision.

**ORANGE COUNTY BOARD OF**

July 8, 2026

RH

**BOARD AGENDA**

Mailed     Distributed at meeting

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**DATE:** July 8, 2026  
**TO:** Renee Hendrick, Deputy Superintendent  
**FROM:** Aracely Chastain, Executive Director, Charter Schools Unit  
**SUBJECT:** Public Hearing - Explore Academy Charter School

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**DESCRIPTION:**

On June 17, 2026, the Orange County Board of Education approved a Notice of Intent to Revoke and Notice of Facts in Support of Revocation for Explore Academy Charter School pursuant to Education Code section 47607 and Title 5, California Code of Regulations section 11968.5.2.

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**RECOMMENDATION:**

The Orange County Board of Education will hold a public hearing on July 8, 2026, to consider whether substantial evidence exists to revoke the charter pursuant to Education Code section 47607.

**ORANGE COUNTY BOARD OF**

July 8, 2026

CH

**BOARD AGENDA II**

Mailed     Distributed at meeting

**DATE:** July 8, 2026

**TO:** Renee Hendrick, Deputy Superintendent

**FROM:** Aracely Chastain, Executive Director, Charter Schools Unit

**SUBJECT:** Board Action – Revocation of Explore Academy Charter School

**DESCRIPTION:**

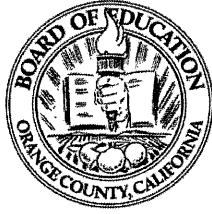
On June 17, 2026, the Orange County Board of Education adopted a Notice of Intent to Revoke and Notice of Facts in Support of Revocation for Explore Academy Charter School pursuant to Education Code section 47607 and Title 5, California Code of Regulations section 11968.5.2. The Notice of Intent followed the issuance of a Notice of Violation and Opportunity to Cure, the conclusion of the statutory Remedy Period, and the Board's determination that substantial evidence existed to continue revocation proceedings.

Pursuant to Education Code section 47607(h), the Orange County Board of Education conducted a public hearing on July 8, 2026, to determine whether substantial evidence exists to revoke the charter. Following consideration of the administrative record, the evidence supporting the Notice of Intent to Revoke, the information submitted by Explore Academy during the Remedy Period, and testimony presented at the public hearing, the Board may take final action to revoke the charter.

**RECOMMENDATION:**

Adopt the attached Resolution Revoking the Charter of Explore Academy Charter School. Based on the factual findings and supporting evidence set forth in the Notice of Violation, the Notice of Intent to Revoke, and the administrative record, there is substantial evidence that Explore Academy failed to remedy the violations identified during the Remedy Period.

Accordingly, staff recommends that the Orange County Board of Education revoke the charter of Explore Academy Charter School pursuant to Education Code section 47607.



## **NOTICE OF INTENT TO REVOKE**

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

**THIS PROPOSED NOTICE OF INTENT TO REVOKE  
WILL BE CONSIDERED BY THE ORANGE COUNTY BOARD OF EDUCATION  
AT ITS JUNE 17, 2026 MEETING AND, IF APPROVED, WILL  
BECOME EFFECTIVE UPON BOARD APPROVAL**

**Date:** June 17, 2026

**To:** ExploreK12 dba Explore Academy Charter School

**From:** Orange County Board of Education

**Re:** Notice of Intent to Revoke and Notice of Facts in Support of Revocation  
(Education Code section 47607)

### **I. INTRODUCTION**

Pursuant to Education Code section 47607 and Title 5, California Code of Regulations section 11968.5.2, this Notice of Intent to Revoke and Notice of Facts in Support of Revocation is issued by the Orange County Board of Education (the "Board") to ExploreK12, the nonprofit public benefit corporation operating Explore Academy Charter School ("Explore").

### **II. PUBLIC HEARING**

The Orange County Board of Education will hold a public hearing concerning the proposed revocation of Explore's charter on:

**July 8, 2026**

**Orange County Department of Education, Boardroom  
200 Kalmus Drive, Costa Mesa, CA 92626**

At the hearing, the Board will consider whether substantial evidence exists to revoke Explore's charter pursuant to Education Code section 47607. In lieu of the foregoing, Explore may surrender its charter, in writing, no later than July 1, 2026, which will be deemed irrevocable upon receipt by the Orange County Department of Education.

If you have any questions, please contact Aracely Chastain, Executive Director, Charter Schools Unit, by email at [achastain@ocde.us](mailto:achastain@ocde.us) or Renee Hendrick, Deputy Superintendent, by email at [rhendrick@ocde.us](mailto:rhendrick@ocde.us).

### III. LEGAL AUTHORITY

Education Code section 47607(f) authorizes a chartering authority to revoke 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. (EC 47607(g)). Pursuant to 5 CCR 11968.5.2, upon conclusion of the remedy period, the chartering authority shall evaluate the charter school's response to the Notice of Violation and any supporting evidence submitted and, within 60 calendar days, take one of the following actions:

- If the chartering authority has substantial evidence that the charter school has failed to refute or remedy a violation identified in the Notice of Violation, continue revocation proceedings by issuing a Notice of Intent to Revoke; or
- Discontinue revocation proceedings and provide timely written notice of such action to the charter school.

“Substantial evidence” is “relevant evidence that a reasonable mind might accept as adequate to support a conclusion ... Such evidence must be reasonable, credible, and of solid value.”<sup>1</sup>

If the chartering authority issues a Notice of Intent to Revoke, it must hold a public hearing, in the normal course of business, within 30 days of providing that notice to determine whether evidence exists to revoke the charter. (EC 47607(h)). Following the public hearing, the chartering authority must issue a final written decision to revoke or decline to revoke the charter within 30 days, unless extended by mutual agreement for an additional 30 days. Any decision to revoke must be supported by written factual findings, specific to the charter school, and supported by substantial evidence. (EC 47607(h)).

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<sup>1</sup> (*California Youth Authority v. State Personnel Bd.*, 104 Cal.App.4th 575, 584–585 and *Carrasco v. State Pers. Bd.*, 70 Cal. App. 5th 117, 136, (2021)).

#### IV. FACTUAL FINDINGS

##### A. Background and Procedural History

1. On October 6, 2021, the Board authorized Explore to operate as a countywide charter school for an initial term of July 1, 2022, to June 30, 2027.
  - a. In its petition for a countywide charter, Explore represented that a countywide charter was necessary to support the operation of multiple permanent facilities for instruction. To date, Explore has only opened one school-site/facility for instruction.
  - b. Explore commenced operations in the third year of its initial term during the 2024-25 school year.
  - c. The initial charter term of July 1, 2022, through June 30, 2027, was revised to June 30, 2028, due to state-mandated extensions.
2. On February 2, 2026, the Board issued a Notice of Violation and Opportunity to Cure (“Notice of Violation” or “NOV”). The Notice of Violation, including all supporting exhibits, is incorporated herein by reference as **Exhibit A**.
3. The violations supporting revocation are set forth in the Notice of Violation and incorporates prior oversight action, including Notices of Concern issued by the Charter Schools Unit of the Orange County Department of Education (“OCDE”) and the independent findings of the Fiscal Crisis and Management Assistance Team (“FCMAT”).
4. OCDE issued Notices of Concern (“NOC”) on April 14, 2025, June 11, 2025, and November 3, 2025, identifying deficit spending, negative fund balances, failure to meet minimum reserve standards, and concerns regarding materially overstated enrollment and Average Daily Attendance (“ADA”) projections used to support budgeted revenues. (*See Exhibit A*).
  - a. The Notices of Concern directed Explore to submit a fiscal stabilization plan, revised multi-year projections, and a fiscal recovery plan demonstrating restoration of reserves.
  - b. However, financial reports, projections, and documentation submitted after the Notices of Concern were issued continued to reflect the fiscal, operational, and reporting deficiencies identified in the Notices of Concern.
5. In June 2025, OCDE and FCMAT entered into an agreement for FCMAT to conduct an independent fiscal and operational review of Explore. FCMAT issued its final report on October 24, 2025, following a review of Explore’s adopted budget, multi-year financial projections, business services operations, human resources practices, internal controls, and overall fiscal condition. (*See Exhibit A*). The FCMAT Report generally confirmed and expanded upon the concerns previously identified by OCDE in the Notices of Concern.

6. FCMAT identified significant concerns regarding Explore’s fiscal stability and operational viability, including:
  - a. Persistent structural deficits and severe cash flow instability;
  - b. Unrealistic enrollment and revenue assumptions;
  - c. Declining enrollment despite substantial recruitment expenditures;
  - d. Inadequate internal controls, including the absence of a purchase order system and ineffective cash flow monitoring;
  - e. Staffing levels misaligned with enrollment and available funding;
  - f. Significant organizational turnover and reliance on outside consultants for core operational functions; and
  - g. Returned payments for insufficient funds and substantial risk to ongoing operations.
  
7. The NOV notified Explore regarding violations of fiscal mismanagement, including:
  - a. Persistent structural deficits and failure to maintain adequate reserves,
  - b. Unreasonable reliance on enrollment and revenue assumptions inconsistent with verified data,
  - c. Cash flow instability and debt dependency; and,
  - d. Absence of basic fiscal controls.
  
8. The NOV provided Explore with a reasonable opportunity to refute or remedy each identified violation by submitting a written response and supporting evidence no later than May 15, 2026. The period between issuance of the NOV on February 2, 2026, and the May 15, 2026 response deadline constituted the “Remedy Period.”
  
9. The NOV also identified remedial actions reasonably related to the violations and advised Explore to submit the following:
  - a. Board resolution certifying the accuracy and completeness of all information submitted;
  - b. Fiscal stabilization and recovery plan;
  - c. Revised multi-year financial projections based on verified enrollment;
  - d. Enrollment stabilization plan; and,
  - e. Documentation demonstrating implementation of internal fiscal controls.

**B. Explore’s Response to NOV**

10. On May 14, 2026, Explore’s governing board certified the accuracy and completeness of all submitted information in response to the Notice of Violation at a duly noticed meeting.

11. On May 15, 2026, Explore submitted its written response to the Notice of Violation via email (“NOV Response”). Explore’s NOV Response is incorporated herein by reference as **Exhibit B**.

12. The NOV Response was submitted via email as eight (8) separate attachments:

<b>Attachment Submitted by Explore</b>	<b>Description of Submitted Materials</b>
1. Final Response letter to OCDE Notice of Violation.pdf	Final Response Letter to OCDE Notice of Violation dated May 14, 2026 (“Response Letter”)
2. Fiscal Recovery Plan.docx	Explore Academy: Fiscal Recovery Plan adopted November 19, 2025 (“Fiscal Recovery Plan”)  Explore Academy Enrollment and Staffing Plan adopted November 19, 2025 (“Enrollment and Staffing Plan”)
3. Explore Academy Forecast_March Financial Package_23April2026(3).pdf	Charter Impact’s Explore Academy Financial Presentation – Monthly Finance Update: Financials through March 31, 2026” (“Financial Presentation”)
4. Notice of Violation back up documents.pdf	Notice of Violation Back Up Documents (“NOV Back Up Documents”)
5. FY25-26 Cash Flows_Explore Academy_thru31Mar2026(2).xlsx	Explore Academy FY2025–26 Monthly Cash Flow Forecast through March 31, 2026 (“March 2026 Monthly Cash Flow Report”)
6. Celebration Education Contract.pdf	Celebration Education Service Agreement (“Celebration Education Agreement”)
7. Master Agreement for IA Subs.pdf	Explore Academy At-Will Substitute Instructional Assistant Employment Agreement (“Substitute IA Agreement”)
8. Angie Cano Employee Contract.pdf	Angie Cano At-Will Employment Agreement (“Angie Cano Employment Agreement”)

13. The Response Letter indicated that additional documents were uploaded to Reportwell and emailed to the OCDE Fiscal Oversight Team and Charter Schools Unit Coordinator, including: ExploreK12 2024 Tax Returns and Explore’s May 4, 2026, Special Board Meeting Agenda and audio file.

14. The NOV Response attachment described as “Notice of Violation Backup Documents” contained 50 pages that consisted of the following:
- a. Audit engagement agreement with Christy White dated March 19, 2026;
  - b. Special Education Comprehensive Services Proposal dated April 3, 2026;
  - c. Explore Academy Time and Effort Policy and Procedures (Undated);
  - d. Multitudes Terms and Conditions for California Public Schools Agreement with the UCSF Multitudes Program, effective June 30, 2025;
  - e. Independent Services Agreement for speech therapy services with Edlogical, dated March 1, 2026; and
  - f. FY26-27 Budget Scenario Planning Spreadsheets.

**C. Structural Deficit and Insolvency**

15. On June 24, 2024, Explore reported beginning the 2024-25 fiscal year with a negative beginning balance due to a structural deficit of **\$(307,911)**.
16. For the 2024–25 fiscal year, based on Explore’s adopted budget, first interim report, second interim report, and unaudited actuals report, Explore’s structural deficit worsened throughout the school year:

<b>2024-25</b>	<b>Adopted Budget</b>	<b>1<sup>st</sup> Interim</b>	<b>2<sup>nd</sup> Interim</b>	<b>Unaudited Actuals</b>	<b>Audit Report</b>
<b>Revenues</b>	\$2,834,838	\$2,354,580	\$2,311,316	\$1,966,380	\$2,096,669
<b>Expenditures</b>	\$2,796,400	\$2,334,717	\$2,524,998	\$2,484,425	\$2,572,769
<b>Surplus/ (Deficit)</b>	\$38,438	\$19,863	\$(213,682)	\$(518,045)	\$(476,100)
<b>Beginning Fund Balance*</b>	<b>\$(307,911)</b>	<b>\$(305,722)</b>	<b>\$(305,722)</b>	<b>\$(302,274)</b>	<b>\$(302,274)</b>
<b>Ending Fund Balance</b>	<b>\$(269,473)</b>	<b>\$(285,859)</b>	<b>\$(519,404)</b>	<b>\$(820,320)</b>	<b>\$(778,374)</b>

\*Estimated at budget adoption

17. Multi-year financial projections submitted by Explore with the 2024–25 Second and Third Interim reports do not project restoration of a positive ending fund balance or minimum recommended reserve levels at any point within the projection period through fiscal year 2026-2027.

18. On June 30, 2025, Explore reported a greater structural deficit than the previous year with an estimated beginning balance of **\$(449,658)** for the 2025-26 fiscal year.

19. For the 2025-26 fiscal year, based on Explore’s adopted budget, first interim report, and second interim report, Explore’s projected operating surplus significantly diminished throughout the school year:

<b>2025-26</b>	<b>Adopted Budget</b>	<b>1<sup>st</sup> Interim</b>	<b>2<sup>nd</sup> Interim</b>
<b>Revenues</b>	\$2,471,880	\$1,722,021	\$1,670,177
<b>Expenditures</b>	\$2,207,394	\$1,675,096	\$1,647,818
<b>Surplus/(Deficit)</b>	\$264,486	\$46,925	\$22,359
<b>Beginning Fund Balance*</b>	<b>\$(449,658)</b>	<b>\$(751,315)</b>	<b>\$(778,374)</b>
<b>Ending Fund Balance</b>	<b>\$(185,171)</b>	<b>\$(704,390)</b>	<b>\$(756,015)</b>

\*Estimated at budget adoption and first interim / audited beginning fund balance at 2<sup>nd</sup> interim

20. **2024-25 and 2025-26 Facilities.** Explore and the Orange Unified School District (“OUSD”) entered into a First Amended and Restated License Agreement permitting Explore to use a portion of OUSD’s Peralta School Site, located at 2190 Canal Street in Orange, California (“Peralta Site”), for operation of Explore’s educational program (“License Agreement”). The License Agreement is incorporated herein by reference as **Exhibit C**.

- a. The License Agreement provides that Explore’s use of the Peralta Site commenced on July 25, 2023, and expires on June 30, 2026, unless earlier terminated pursuant to its terms.
- b. In a letter dated May 27, 2026 (“OUSD Letter”), OUSD advised Explore that:
  - i. Explore’s right to use the Peralta Site expires on June 30, 2026, and Explore has no entitlement to continue occupying the site beyond that date. The OUSD Letter is incorporated herein by reference as **Exhibit D**.
  - ii. OUSD also indicated that it had determined that Explore was not eligible for use of District facilities under Proposition 39 for the 2026–27 school year.

21. **2026-27 Facilities.** As of the close of the Remedy Period, Explore had not identified an alternative facility for the 2026–27 school year. Explore’s NOV Response did not identify an alternative facility, provide cost estimates for relocation, analyze the fiscal impact of securing a replacement site, or demonstrate that projected enrollment can be accommodated elsewhere.

22. **Explore’s Most Recent Multiyear Financial Projections.** After issuance of the NOV on February 2, 2026, Explore submitted its Second Interim Report for the 2025–26 fiscal year on March 15, 2026. The Second Interim Report included multiyear financial projections through the 2027–28 fiscal year (“2025–26 Second Interim MYP”).

23. Explore did not separately submit revised multiyear financial projections in response to the NOV. Accordingly, the 2025–26 Second Interim MYP represents the most recent multi-year financial projection submitted by Explore.

24. **2025–26 Second Interim MYP.** The 2025-26 Second Interim Report reflects the following:

- a. **Static Certificated Staffing Levels.** Explore accounted for only five (5) certificated teachers for each projected fiscal year despite projected enrollment growth each year:

School Year	Student Enrollment	Certificated Teachers
2025-26	73	5
2026-27	105	5
2027-28	130	5

- b. **Facility Cost Assumptions.** The 2025–26 Second Interim MYP projected facility cost increases to Explore's existing facility arrangement with OUSD based on enrollment growth and inflationary adjustments. However, the submitted projections do not identify a replacement facility or evaluate the potential costs associated with securing and operating a replacement facility following expiration of Explore's License Agreement with OUSD on June 30, 2026:

School Year	Facility Costs
2025-26	\$115,810
2026-27	\$168,932
2027-28	\$214,239

- c. **Negative Ending Fund Balance.** The 2025–26 Second Interim MYP projects negative ending fund balances in each projected fiscal year through the 2027-28 school year:

School Year	Projected Ending Fund Balance
2025-26	<b>\$(756,015)</b>
2026-27	<b>\$(734,320)</b>
2027-28	<b>\$(520,085)</b>

**D. Unreasonable and Unsupported Enrollment and Revenue Assumptions**

- 25. The 2024–25 Adopted Budget (June 24, 2024) projected enrollment of 170 students. Verified enrollment as of Census Day (October 2, 2024) was 122 students. Explore over-projected by 48 students.
- 26. The 2025–26 Adopted Budget (June 30, 2025) projected enrollment of 150 students. Verified enrollment as of Census Day (October 1, 2025) was 73 students. Explore over-projected by 77 students.
- 27. **November 19, 2025 Explore Approval of Enrollment and Staffing Plan.** Explore held a special board meeting on November 19, 2025. The agenda included Action Item No. 4.5, “Review Staffing Ratio Tied to Enrollment.”
  - a. During discussion of that item, Explore’s consultant stated that projected enrollment growth from 73 to 105 students represented “the addition of 32 students, and one teacher.”
  - b. On December 19, 2025, Explore provided OCDE with the board approved Enrollment and Staffing Plan that had been reviewed and approved at the November 19, 2025 meeting (“November 2025 Enrollment and Staffing Plan”).
  - c. The November 2025 Enrollment and Staffing Plan projects six (6) certificated teachers for the 2026-27 school year, based on a ratio of eighteen (18) students per certificated teacher.
  - d. The November 2025 Enrollment and Staffing Plan is dated November 18, 2025, and is incorporated herein by reference as **Exhibit E**.
- 28. **NOV Response-Enrollment and Staffing Plan.** The NOV Response included an attachment titled, “Fiscal Recovery Plan,” which consisted of two separate documents:
  - a. Fiscal Recovery Plan that indicated it was adopted on November 19, 2025; and
  - b. Enrollment and Staffing Plan that also indicated it was adopted by Explore on November 19, 2025 (“NOV Response-Enrollment and Staffing Plan”).

**29. Inconsistencies Between Enrollment and Staffing Plans.**

- a. Explore has represented that both the November 2025 Enrollment and Staffing Plan submitted to OCDE on December 19, 2025 and the NOV Response-Enrollment and Staffing Plan submitted on May 14, 2026 were reviewed and approved by Explore's governing board on November 19, 2025.
- b. The November 2025 Enrollment and Staffing Plan reflects:
  - i. A staffing ratio of eighteen (18) students per certificated teacher for the 2026–27 school year; and
  - ii. Six (6) certificated teachers for projected enrollment of 105 students.
- c. The NOV Response-Enrollment and Staffing Plan reflects:
  - i. A staffing ratio of twenty (20) students per certificated teacher for the 2026–27 school year; and
  - ii. Five (5) certificated teachers for the 2026–27 school year.
  - iii. However, application of the stated staffing ratio to projected enrollment of 105 students supports six (6) certificated teachers rather than the five (5) certificated teachers reflected in the plan. As a result, the projected staffing level is internally inconsistent with the staffing ratio identified in the plan.
- d. The NOV Response does not explain or identify any amendment to the November 2025 Enrollment and Staffing Plan or any subsequent board action approving the differing staffing assumptions reflected in the NOV Response-Enrollment and Staffing Plan.

**30. Enrollment Projections Submitted with the NOV Response.** The NOV Response included two separate breakdown to support its enrollment projections that were included in: (1) the Response Letter and (2) the NOV Response-Enrollment & Staffing Plan.

- a. The Response Letter projects enrollment of 105 students for the 2026–27 school year and 132 students for the 2027–28 school year, with the following breakdown:

	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
TK	11	11	10
K	10	14	15
1	12	14	15
2	15	12	15
3	5	17	18
4	8	7	15
5	11	9	10
6	5	12	14
7	3	6	12
8	0	4	8
<b>Total</b>	<b>80</b>	<b>105*</b>	<b>132</b>

- b. The NOV Response-Enrollment & Staffing Plan projects enrollment of 105 students for the 2026–27 school year and 130 students for the 2027–28 school year:

	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
<b>Total Enrollment</b>	<b>73</b>	<b>105*</b>	<b>130</b>	<b>160</b>	<b>170</b>	<b>180</b>

- c. Both documents contain calculation errors for the 2026–27 school year. The grade-level enrollment figures identified in each document total **106 students** rather than the stated enrollment of 105 students.
- d. The Response Letter and Enrollment & Staffing Plan also project different total enrollment figures for the 2027–28 school year. The Response Letter projects 132 students, while the Enrollment & Staffing Plan projects 130 students.

31. In the Response Letter, Explore stated: “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.”

32. No enrollment records were submitted with the NOV Response by the end of the Remedy Period. On May 19, 2026, OCDE requested access to the registration records. On May 21, 2026, OCDE received registration applications submitted by Explore in support of its claim that 105 students had registered for the 2026–27 school year and found the following:

- a. Explore submitted 102 completed registration forms.
  - i. Seventy-six (76) registration forms were associated with current Explore students indicating an intent to reenroll for the 2026–27 school year.
  - ii. Twenty-six (26) registration forms were associated with students not currently enrolled at Explore.
- b. The registration forms varied in content and format and were not uniformly complete. Multiple forms did not contain completed or signed records request forms.

33. OCDE reviewed a sample of approximately twenty-five percent (25%) of the registration forms submitted by new students and found that parents generally confirmed that they completed the registration forms, but several indicated that they had not yet made a final commitment regarding enrollment at Explore for the 2026–27 school year.

**E. Cash Flow Insolvency, Liquidity Risk, and Debt Dependency**

34. Cash flow projections submitted by Explore with the 2024–25 Second Interim Report reflect a negative cash balance at the end of February 2025 and less than one day of cash on hand at the end of March 2025.
35. An analysis of the cash flow projections submitted with the 2025–26 Preliminary Budget reflects negative cash balances beginning in March 2026 and continuing through the end of the fiscal year.
36. On May 21, 2024, Explore approved the issuance of \$750,000 in revenue bond financing through Herbert J. Sims & Co. (“HJ Sims”). On June 13, 2024, Explore executed a promissory note with EAOC Funding I, LLC as lender in connection with the financing transaction (“HJ Sims Promissory Note”). The HJ Sims Promissory Note is incorporated herein by reference as **Exhibit F**.
37. Explore received proceeds under the HJ Sims Promissory Note on June 14, 2024. Explore reported that approximately \$250,000 of the loan proceeds were used to repay prior obligations owed to a private lender and SMART Management, a former service provider to the school.
38. The HJ Sims Promissory Note included the following terms:
  - a. Interest accrues on the outstanding principal balance at a rate of 10% annually.
  - b. Failure to make required payments may result in an increase in the applicable interest rate by an additional 2% above the stated interest rate.
  - c. All unpaid principal and accrued interest become due and payable no later than June 1, 2029.
  - d. Repayment schedule requires:
    - i. Interest payments made quarterly throughout the term of the loan.
    - ii. Principal payments of \$100,000 due on May 25, 2026, May 25, 2027, and May 25, 2028, with a final principal payment of \$450,000 due on May 25, 2029.
  - e. The NOV Response included a check register reflecting a payment of \$6,250 on March 26, 2026, described as “HJ Sims Loan – Interest – 03/26.”

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

39. On April 23, 2026, EAOC Funding I, LLC issued a letter consenting to Explore’s request for a temporary suspension of monthly principal installments from June 1, 2026, through May 1, 2027 (“HJ Sims Letter”). The HJ Sims Letter is incorporated herein by reference as **Exhibit G**.
- The HJ Sims Letter states that the monthly principal installments were made pursuant to a separate arrangement established via email. OCDE does not have a copy of that correspondence.
  - The temporary suspension did not apply to the mandatory \$100,000 principal payment due May 25, 2026, which remained due in full.
  - Regular interest payments under the loan were required to continue during the suspension period.
  - The HJ Sims Letter provides that principal amounts deferred during the suspension period remain due no later than May 25, 2027.
40. On June 1, 2026, OCDE staff met with Explore's Executive Director, and Explore represented that the \$100,000 principal payment due May 25, 2026, had been paid. Explore reported that it had been setting aside approximately \$8,333 per month toward principal and \$6,250 per month toward interest. However, the NOV Response did not include documentation sufficient to independently verify the payment.

41. In August 2024, Explore was approved to borrow \$250,000 through the Charter Revolving Loan Fund Program administered by the California School Finance Authority (“CSFA”). The loan is repayable over a five-year period and bears an annual interest rate equal to the prime rate. According to the 2024-25 Audit Report ending June 30, 2025, the outstanding principal balance continued to be \$250,000.
42. On February 25, 2025, Explore board meeting records reflect that checks were issued despite insufficient funds and were subsequently returned by the bank unpaid.
43. During the April 28, 2026 Explore Board meeting, Charter Impact presented cash flow scenarios for the 2026–27 fiscal year based on projected enrollment and ADA levels. Charter Impact advised the Explore Board that:
  - a. Even if Explore met or exceeded its enrollment targets, the school would experience cash flow challenges during the first six months of the 2026–27 fiscal year.
  - b. Charter Impact advised that, under its "on target" cash flow scenario for the 2026–27 fiscal year, based on projected ADA of 97.13, cash balances would remain below the 15% reserve target during portions of the fiscal year before improving in March 2027.
  - c. If Explore's enrollment and ADA projections were not achieved, Charter Impact advised that "cash throughout the year is at risk" and that Explore would need to "make accounts payable choices," including delaying payment of certain obligations to preserve cash for payroll and recurring expenses.
  - d. Charter Impact further advised that, regardless of whether Explore met or exceeded its enrollment targets, the school would experience approximately six months of cash flow "turbulence" during the 2026–27 fiscal year.
44. In response to the NOV, Explore submitted the March 2026 Monthly Cash Flow Report which projects that state aid apportionments during the first half of the 2026–27 fiscal year would largely continue to be based on Explore’s lower 2025–26 P-2 ADA of 66.87. It also assumes increased operational expenditures associated with projected enrollment growth for the 2026–27 school year, including staffing and related operating costs, beginning in July 2026, prior to any increase in LCFF revenue associated with projected enrollment growth.
45. The March 2026 Monthly Cash Flow Report projected monthly cash balances through the end of the 2025-26 fiscal year and include projected revenues, expenditures, and cash flow adjustments. Although the March 2026 Monthly Cash Flow Report reflects an approximately \$85,898 year-end surplus, it also reflects:
  - a. Projected ending fund balance of approximately negative **(\$692,475)**; and
  - b. Normalized ending fund balance of approximately negative **(\$767,271)** after removal of prior-year revenue adjustments.

**F. Internal Fiscal Controls**

46. The NOV identified deficiencies in Explore's internal fiscal controls and oversight, including the absence of a purchase order system, inadequate cash flow monitoring, insufficient position control practices, and weaknesses in purchasing and expenditure approval procedures.
47. The Fiscal Recovery Plan states that:
- a. The Executive Director and back-office fiscal representative meet weekly to review budget-to-actual reports and cash flow;
  - b. Cash flow is reported to the governing board monthly;
  - c. Fiscal policies, including purchasing and approval procedures, have been updated and adopted; and
  - d. The Executive Director and governing board exercise oversight according to those policies.
48. **Fiscal Policies:** Explore Academy's Fiscal Policies and Procedures Manual, which was originally adopted on April 18, 2023, and subsequently amended by the governing board on November 19, 2025, requires:
- a. Use of purchase orders for non-recurring purchases;
  - b. Sequentially numbered purchase orders;
  - c. Documentation of competitive pricing for purchases exceeding \$15,000;
  - d. Principal or Executive Director approval prior to purchases; and
  - e. Maintenance of a purchase order log.
49. **Purchasing Order.** FCMAT reported that expenditures were incurred without sufficient documentation or consistent alignment with board-approved budgets and contracts.
50. OCDE's Notice of Concern dated November 3, 2025, required Explore to implement a purchase order system, restrict debit/credit card use per policy, and prohibit unbudgeted purchases.
- a. On December 9, 2025, OCDE requested documentation demonstrating implementation of the purchase order system, including a purchase order register.
  - b. On December 19, 2025, Explore represented that no purchase orders had been issued.
51. As of the end of the Remedy Period, Explore's NOV Response did not provide a purchase order register or other documentation demonstrating that purchase orders had been issued or utilized.

52. **Monthly Cashflow.** FCMAT reported that Explore did not consistently prepare or use monthly cash flow projections sufficient to monitor liquidity and anticipate cash shortfalls. Explore began presenting monthly cash flow projections to its governing board in December 2025 and continued presenting cash flow reports at subsequent board meetings.

53. OCDE's Notice of Concern dated April 14, 2025, required Explore to submit monthly cash flow projections beginning April 20, 2025.
- a. Explore did not comply with corrective action required by the Notice of Concern.
  - b. OCDE issued a Notice of Concern dated November 3, 2025 due to Explore’s failure to comply with the cashflow corrective action.
  - c. Explore began submitting monthly cash flow projections to OCDE in January 2026.

54. **Position Control.** FCMAT reported that Explore did not maintain an effective position control system to align staffing levels with enrollment and available funding.
- a. The Fiscal Recovery Plan states that all positions shall be aligned with board-approved staffing ratios and enrollment targets and that the Executive Director will verify that new positions are reconciled to approved staffing ratios and enrollment targets.
  - b. The NOV Response included Explore’s “Enrollment and Staffing Plan,” which provides information concerning staffing positions and the ratio of enrollment to staffing to align staffing levels with enrollment.

55. Explore provided the following fully executed contracts from January 2026 to May 2026 for all fiscal, operational, and instructional service providers:

Contract	Description/Cost	Date Executed	Date Board Approved or Ratified
1. Audit agreement between Explore and Christy White for fiscal year ending June 30, 2026	\$21,000	03/24/26	12/09/25
2. Special Education Comprehensive Services dated April 3, 2026	Direct clinical and program services are billed at \$95-\$125/hour depending on service type, subject to an annual hard cap of \$801 per Certified P2 prior-year enrolled student.	05/11/26	04/28/2026
3. Multitudes Terms and Conditions for California Public Schools Agreement effective June 30, 2025	No Cost	02/03/26	02/24/2026

<p>4. Independent Services Agreement Speech Therapy Services between Explore and Edlogical.</p> <p>Term: March 1, 2026, to June 30, 2026.</p> <p>Speech Therapy Work Order subject to the Independent Service Agreement.</p>	<p>Minimum 3 hours per month for Speech and Language Pathologist: \$134/hour Or Minimum 4 hours per month of Speech and Language Assistant: \$80/hour</p>	<p>02/24/26</p>	<p>02/24/2026</p>
<p>5. Celebration Education Contract between Celebration Education (Heather Martinson) and Explore Prime Academy (Cecelia Iglesias)</p>	<p>Four-day immersive spring camp from March 30-April 3, operating daily from 8:30 a.m. to 12:30 p.m.</p> <p>Total fee \$2000.</p>	<p>03/16/26</p>	<p>TBD</p>
<p>6. At-Will Employment Agreement for Angie Cano</p>	<p>Hourly pay for the Substitute Instructional Assistant position was \$20/hour.</p>	<p>04/07/26</p>	<p>03/24/2026</p>

**56. Back-Office Financial Services Provider Transitions.**

- a. On July 1, 2022 and June 11, 2024, Explore entered into agreements with ICON School Management to provide back-office financial services.
- b. On March 26, 2025, ICON resigned and terminated the agreement effective April 30, 2025.
- c. On April 10, 2025, Explore approved a service agreement with Charter Impact, effective May 1, 2025, to replace ICON.
- d. On June 1, 2026, Explore reported that Charter Impact submitted its resignation to Explore and would cease providing back-office financial services effective June 30, 2026.
  - i. Explore further represented that Delta Managed Solutions, Inc. would assume responsibility for back-office financial services beginning July 1, 2026.
  - ii. Explore represented that its governing board approved Delta Managed Solutions, Inc. as its new back-office financial services provider on May 28, 2026.
- e. The transition from Charter Impact to Delta Managed Solutions, Inc. is scheduled to occur immediately prior to the beginning of the 2026–27 fiscal year.
- f. Charter Impact had prepared the financial projections, cash flow forecasts, and fiscal recovery strategies submitted by Explore in support of its NOV Response.

**V. ANALYSIS**

Following the conclusion of the remedy period on May 15, 2026, the Board is required to evaluate Explore’s response to the Notice of Violation and all supporting evidence submitted. Pursuant to Education Code section 47607 and Title 5, California Code of Regulations section 11968.5.2, the Board will consider whether there is substantial evidence that Explore failed to either (1) refute the violations, to the Board’s satisfaction, or (2) remedy the violations identified in the Notice of Violation.

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

**A. Fiscal Mismanagement Due to Structural Deficits and Insolvencies**

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

NOV Remedial Actions	Explore NOV Response
1. Eliminate ongoing structural deficits within a defined and reasonable timeframe.	Explore did not provide evidence sufficient to demonstrate elimination of ongoing structural deficits within a defined or reasonable timeframe.
2. Restore a positive unrestricted fund balance and meet minimum recommended reserve levels.	Explore did not provide evidence sufficient to demonstrate restoration of a positive unrestricted fund balance or achievement of minimum recommended reserve levels.
3. Be supported by revised multi-year financial projections based on verified enrollment data.	Although the NOV advised Explore to submit revised multi-year financial projections based on verified enrollment, Explore did not submit separate revised multi-year financial projections with its NOV Response. However, during the Remedy Period, Explore submitted its 2025–26 Second Interim Report, which included updated multi-year financial projections through the 2027–28 fiscal year. The enrollment assumptions reflected in those projections are generally consistent with the enrollment projections described in Explore's NOV Response.

<p>4. Identify specific expenditure reductions, staffing adjustments, and operational changes that have been implemented or will be implemented immediately upon board approval.</p>	<ul style="list-style-type: none"> <li>• Instructional staffing positions were reduced to five teachers from a previous 7</li> <li>• The full-time office manager position is now a part-time role</li> <li>• Multiple instructional aide positions have been reduced from full-time to part-time roles.</li> <li>• Staff pay levels have been reduced due to budgetary concerns for SY2025-26.</li> <li>• Review major service contracts and reduce non-personnel expenditures.</li> <li>• Explore Academy and Back-office provider meet weekly to review the budget and ensure cash flow remains positive. Presentation is made to the Board every month and provided to OCDE by the 20th of each month.</li> </ul>
<p>5. Demonstrate fiscal solvency without reliance on speculative revenue sources, unsupported enrollment growth, or additional borrowing.</p>	<p>Explore did not provide sufficient evidence to demonstrate fiscal solvency.</p>

In response to the NOV, Explore submitted a Fiscal Recovery Plan, adopted on November 19, 2025, together with supporting financial materials. However, Explore did not submit revised multi-year financial projections with its NOV Response. Consequently, in evaluating whether the violations identified in the NOV had been remedied, OCDE relied on the most recent multi-year financial projections that were submitted by Explore as part of its 2025–26 Second Interim Report dated March 15, 2026.

The financial information submitted by Explore does not demonstrate elimination of structural deficits or restoration of positive unrestricted fund balances and minimum reserve levels within any defined timeframe. Rather, Explore’s most recent multi-year financial projections continued to reflect negative ending fund balances in each projected fiscal year:

<b>Multiyear Projections (March 15, 2026)</b>	<b>Ending Fund Balance</b>
2025-26	<b>\$(756,015)</b>
2026-27	<b>\$(734,320)</b>
2027-28	<b>\$(520,085)</b>

Although the Fiscal Recovery Plan states that Explore's "target is to rebuild reserves to a 5% surplus by the end of FY 2028–29," the financial information submitted by Explore does not substantiate that projection. Explore's most recent multi-year financial projections continue to reflect negative ending fund balances throughout the projection period, including a projected negative ending fund balance of approximately **\$(520,085)** in fiscal year 2027–28. Moreover, despite the staffing reductions, expenditure reductions, and operational changes identified in the Fiscal Recovery Plan, Charter Impact's Explore Academy Financial Presentation acknowledges that "additional expense reductions will be necessary" and that "cash risks are present" by year-end, given the projection of a negative ending fund balance of approximately **\$(767,271)** for the current year. Together, these projections and admissions are inconsistent with a demonstrated path to restoring reserves and achieving long-term fiscal solvency.

The reliability of the expenditure assumptions underlying the 2025–26 Second Interim MYP is further undermined by inconsistencies among the staffing assumptions reflected in the multi-year projections, the November 2025 Enrollment and Staffing Plan previously provided to OCDE, and the Enrollment and Staffing Plan submitted with the NOV Response. Specifically, the 2025–26 Second Interim MYP projects five (5) certificated teachers in fiscal years 2025–26, 2026–27, and 2027–28 despite projected enrollment growth in each year. Moreover, although the Enrollment and Staffing Plan submitted with the NOV Response projects five certificated teachers for 2026–27, it is not supported by its own internal staffing ratio of twenty students per certificated teacher, which would project approximately six certificated teachers for 105 students. These inconsistencies raise questions regarding whether the projected expenditure fully account for anticipated staffing needs.

The submitted financial materials further reflect continuing debt obligations associated with Explore's \$750,000 HJ Sims financing and the California School Finance Authority revolving loan. Although HJ Sims agreed to temporarily suspend monthly principal installments beginning June 1, 2026, the agreement required Explore to make the \$100,000 principal payment due on May 25, 2026. Nevertheless, the temporary suspension did not eliminate the underlying debt obligation. Although Explore subsequently represented to OCDE that the \$100,000 principal payment had been made, the submitted financial materials continue to reflect significant debt obligations notwithstanding Explore's ongoing liquidity and fiscal challenges.

Another factor affecting the reliability and implementation of Explore's Fiscal Recovery Plan is the impending transition of its back-office financial services provider. During a June 1, 2026, meeting with OCDE staff, Explore represented that Charter Impact would cease providing services effective June 30, 2026, and that Delta Managed Solutions, Inc. would assume responsibility beginning July 1, 2026. Explore further represented that its governing board approved the new provider on May 28, 2026. Charter Impact prepared the financial projections, cash flow forecasts, and recovery strategies submitted in support of the NOV Response. The transition will occur immediately before the beginning of the 2026–27 fiscal year, during which Explore projects significant enrollment growth, ongoing liquidity pressures, unresolved facility issues, and implementation of corrective fiscal actions. This transition introduces additional uncertainty regarding continuity of financial reporting, implementation of internal controls, execution of the

Fiscal Recovery Plan, and fiscal oversight, particularly given FCMAT's findings regarding organizational turnover and reliance on outside consultants for core operational functions.

In addition, the financial projections continue to rely upon substantial projected enrollment growth and corresponding increases in LCFF revenue, notwithstanding Explore's documented history of materially overstating enrollment and ADA projections. The submitted projections assume enrollment growth from 73 students in 2025–26 to 105 students in 2026–27 and 130 students in 2027–28. Although Explore submitted enrollment documentation in support of its projected enrollment, OCDE's review found that the enrollment figures did not reconcile with the supporting records and that portions of the enrollment process remained incomplete as of the close of the Remedy Period. These inconsistencies, together with apparent calculation errors in the supporting planning documents, undermine the reliability of the enrollment and revenue assumptions underlying the submitted financial projections.

Moreover, Explore has not secured a facility for the 2026–27 school year following the expiration of its License Agreement with Orange Unified School District and the denial of its Proposition 39 facilities request. Although the submitted financial projections include facility expenditures, Explore did not identify a specific replacement facility, provide proposed lease terms, estimate relocation costs, or otherwise demonstrate that the projected expenditures are sufficient to secure and operate an alternative facility capable of serving the projected enrollment growth. As a result, the submitted materials do not demonstrate that the facility assumptions underlying the financial projections are reasonable and reliable.

Accordingly, based on the factual findings and supporting evidence set forth in the Notice of Violation and an evaluation of the information submitted by Explore during the Remedy Period, there is substantial evidence that the violations related to fiscal mismanagement, structural deficit spending, and fiscal solvency identified in the Notice of Violation have not been remedied.

**B. Fiscal Mismanagement due to Unreasonable Enrollment and Revenue Assumptions**

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.

NOV Remedial Actions	Explore NOV Response
<p>1. 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.</p>	<p>“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.”</p>
<p>2. Documented recruitment and retention strategies that have already been implemented</p>	<ul style="list-style-type: none"> <li>• Explore will provide two (2) family nights and one (1) family picnic in the summer to provide new students and families with an opportunity to get to know the school staff and families.</li> <li>• The school plans to invest heavily in targeted enrollment marketing to rebuild enrollment and reach sustainable economies of scale.</li> <li>• Strategies include increased community outreach (attending soccer games and church events), digital marketing, visibility events, and strengthening relationships with communities.</li> </ul>
<p>3. Current enrollment and enrollment projections for the subsequent two fiscal years</p>	<p>The NOV Response included two separate enrollment projection documents: (1) the Response Letter and (2) the Enrollment &amp; Staffing Plan. These documents contained differing enrollment assumptions, including discrepancies in projected total enrollment for certain fiscal years and differing grade-level or grade-span enrollment distributions for the 2025–26 through 2027–28 school years.</p>

The NOV indicated that confirmed student enrollment of no fewer than 105 students for the 2026–27 school year, verified by contemporaneous enrollment records acceptable to OCDE, as one means by which Explore could demonstrate that enrollment instability and related fiscal concerns had been cured.

In response, Explore reported that 105 students had “registered” for the 2026–27 school year and that parent applications had been entered into PowerSchool. However, Explore also acknowledged that portions of the enrollment process remained incomplete, including collection of student records and cumulative file requests, which Explore stated would occur during the summer following the close of the Remedy Period. Explore further stated that recruitment efforts would continue through the first day of instruction in August 2026, which indicates that projected enrollment levels had not yet stabilized as of the close of the Remedy Period. Explore also stated that it sought to meet “the 105-student enrollment that was [Explore] Board approved and reflected on the SY2025-2026 Interim Budget,” which suggests that the enrollment target was derived from Explore’s budget assumptions rather than independently verified enrollment demand.

Although Explore submitted documentation in support of its claim that 105 students had registered for the 2026–27 school year, OCDE's review identified inconsistencies between the stated enrollment figures, grade-level enrollment projections, and supporting registration records.

- Explore represented that 105 students had registered for the 2026–27 school year.
- The grade-level enrollment projections total 106 students.
- OCDE identified 102 completed registration forms.

These discrepancies, together with Explore's acknowledgment that portions of the enrollment process remained incomplete, undermine the reliability of the submitted enrollment data. OCDE verified a sample of submitted registration forms and found that parents generally confirmed completing the forms but several indicated that they had not made a final commitment regarding enrollment at Explore for the 2026–27 school year. Accordingly, the submitted documentation does not reconcile to a single confirmed enrollment figure.

The NOV also identified documentation of implemented recruitment and retention strategies as a means by which Explore could demonstrate that enrollment levels were likely to stabilize and support ongoing operations. In response, Explore described several anticipated or planned outreach activities, including future family events, targeted marketing efforts, community outreach, and visibility initiatives. However, the materials do not include evidence demonstrating that such strategies had already been implemented despite having been approved by Explore on November 19, 2025. For example, Explore did not provide supporting documentation such as event dates, locations, sign-in sheets, outreach schedules, marketing materials, advertising invoices, communications to prospective families, or other records demonstrating implementation.

The enrollment and revenue assumptions reflected in Explore’s submitted materials also remain inconsistent with Explore’s historical enrollment trends and prior financial reporting. As identified in the NOV, Explore has repeatedly adopted budgets and multi-year financial projections based on materially overstated enrollment and ADA assumptions. Explore projected enrollment of 170 students for the 2024–25 school year despite certifying only 122 students on Census Day, and

projected enrollment of 150 students for the 2025–26 school year despite actual enrollment of 73 students as of October 1, 2025. FCMAT independently concluded that Explore’s projected revenues for 2025–26 were overstated by approximately \$973,785 when recalculated using verified enrollment and ADA data.

Notwithstanding this history, the assumptions worksheet submitted with the NOV Response projects enrollment growth from 73 students in 2025–26 to 105 students in 2026–27 and 130 students in 2027–28, with ADA increasing from 68.60 to 120.25 and attendance rates remaining above 92%. The submitted materials do not include demographic analysis, historical recruitment conversion data, waitlist information, enrollment and ADA trend analysis, retention analysis, or other objective evidence demonstrating Explore’s ability to achieve the projected growth.

The submitted planning documents also contain significant inconsistencies regarding enrollment and staffing assumptions. Explore previously provided OCDE with an Enrollment and Staffing Plan that it represented was approved by its governing board on November 19, 2025. The NOV Response later included a different Enrollment and Staffing Plan that also indicates it was approved on November 19, 2025. However, the NOV Response does not identify any amendment to the previously submitted plan or any subsequent board action approving the differing assumptions reflected in the NOV Response plan. Further, the November 2025 Enrollment and Staffing Plan is consistent with representations made during the November 19, 2025 board meeting regarding staffing increases associated with projected enrollment growth, whereas the NOV Response plan reflects reduced certificated staffing levels. The NOV Response plan also contains an internal inconsistency, as its stated staffing ratio of twenty students per certificated teacher supports approximately six certificated teachers for projected enrollment of 105 students, yet the plan projects only five certificated teachers. In addition, the submitted enrollment projections contain calculation errors and do not mathematically reconcile with the stated projected enrollment totals. These inconsistencies further undermine the reliability of the enrollment, staffing, expenditure, and revenue assumptions underlying Explore's financial projections.

In addition, Explore has not secured a facility for the 2026–27 school year following denial of its Proposition 39 facilities request. The submitted materials do not identify how Explore intends to accommodate the projected enrollment growth or the anticipated budgetary impact associated with securing and operating a facility sufficient to support enrollment at the projected levels.

Accordingly, based on the factual findings and supporting evidence set forth in the Notice of Violation and an evaluation of the information submitted by Explore during the Remedy Period, there is substantial evidence that the violations related to fiscal mismanagement and unreasonable enrollment and revenue assumptions remain unresolved and have not been remedied.

**C. Fiscal Mismanagement due to Cash Insolvency, Liquidity Risk, and Debt Dependency**

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

NOV Remedial Actions	Explore NOV Response
<p>1. 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:</p> <ul style="list-style-type: none"> <li>a. Ability to maintain positive cash balances sufficient to meet payroll, debt service, and vendor obligations.</li> <li>b. Explore can meet debt service obligations without impairing instructional operations.</li> </ul>	<p>Explore began submitting monthly cashflow projections to OCDE beginning in January 2026. However, the submitted materials do not demonstrate that Explore has sufficient unrestricted liquidity to satisfy its debt obligations while continuing to meet payroll, operational expenditures, and vendor obligations.</p>

In response to the NOV, Explore submitted monthly cash flow projections and related financial materials intended to demonstrate sufficient liquidity to meet payroll, debt service, and vendor obligations. Although the cash flow projections reflect positive month-end cash balances, the accompanying financial materials continue to identify significant liquidity concerns. Charter Impact's Explore Academy Financial Presentation states that "cash risks are present" by year-end, that "future expense increases are not recommended," and that "additional expense reductions will be necessary." These statements are inconsistent with a demonstrated showing of stable liquidity and ongoing cash solvency.

The submitted financial materials further reflect continuing debt obligations and significant liabilities, including approximately \$1.15 million in total liabilities as of March 31, 2026:

**Statement of Financial Position (Period ending March 31, 2026)**

Accounts Payable	\$58,241
Accrued Liabilities	\$17,335
Deferred Revenue	\$232,926
Notes Payable, Net of Current Portion	\$675,000
Other Long-term Liabilities	\$166,666
<b>Total Liabilities</b>	<b>\$1,150,168</b>

The Accounts Payable Aging Report also reflects outstanding vendor obligations, including approximately \$56,000 owed to AllyOp, LLC on an invoice dated October 5, 2025, that remained more than 90 days past due as of March 31, 2026.

Explore continues to have significant debt obligations associated with its \$750,000 HJ Sims financing and \$250,000 California School Finance Authority revolving loan. Although HJ Sims agreed to temporarily suspend monthly principal installments beginning June 1, 2026, the accommodation agreement expressly required payment of the \$100,000 principal installment due May 25, 2026. Explore subsequently represented that the payment had been made. Nevertheless, the temporary suspension did not eliminate the underlying debt obligation, and deferred principal payments remain due no later than May 25, 2027. The submitted materials do not demonstrate that Explore had sufficient unrestricted liquidity to satisfy its debt obligations while continuing to meet payroll, operational expenditures, and vendor obligations.

The submitted cash flow projections also continue to rely on projected enrollment growth and corresponding increases in LCFF revenue, notwithstanding Explore's documented history of materially overstating enrollment and ADA projections. Charter Impact's Financial Presentation attributes projected revenue increases to "prior year adjustment and non-reoccurring revenue," including prior-year PCSGP grant revenue. As discussed above, the projected enrollment growth from 73 students in 2025–26 to 105 students in 2026–27 and 130 students in 2027–28 is not supported by reliable and internally consistent enrollment data. The projections are further undermined by unresolved facility uncertainty. Explore had not secured a facility for the 2026–27 school year following denial of its Proposition 39 facilities request, and the submitted materials do not identify the anticipated budgetary impact associated with securing and operating a facility sufficient to support the projected enrollment growth reflected in the cash flow schedules.

The cash flow projections accurately reflect the timing structure associated with LCFF apportionments for countywide charter schools, under which state aid during the first half of fiscal year 2026–27 would largely continue to be based on Explore's lower 2025–26 P-2 ADA of 66.87. The projections also assume increased operating expenditures associated with projected enrollment growth beginning in July 2026. As a result, Explore would incur increased expenditures months before receiving the corresponding increase in LCFF revenue associated with higher enrollment levels, creating significant short-term liquidity pressure given its negative fund balances, limited reserves, continuing debt obligations, and history of cash flow instability..

Additionally, during the April 28, 2026, board meeting, Explore's back-office provider reportedly stated that if cash flow was not "on target," Explore would need to "make accounts payable choices." This statement further raises concern regarding Explore's liquidity position and suggests the possibility of delayed vendor payments or selective payment prioritization if projected cash balances are not achieved.

Accordingly, based on the factual findings and supporting evidence set forth in the Notice of Violation and an evaluation of the information submitted by Explore during the Remedy Period, there is substantial evidence that the violations related to cash management, liquidity risk, and fiscal solvency identified in the Notice of Violation remain unresolved and have not been remedied.

**D. Fiscal Mismanagement due to Internal Fiscal Controls and Oversight**

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

NOV Remedial Actions	Explore NOV Response
<p>1. Explore shall adopt board-approved fiscal policies governing purchasing, cash management, and contract approval.</p> <ul style="list-style-type: none"> <li>a. Explore shall implement and enforce a purchase order and expenditure approval system that prevents expenditures in excess of budgeted or available cash.</li> <li>b. Explore shall implement a position control system aligned with verified enrollment and board-adopted staffing ratios.</li> <li>c. Explore shall provide evidence that internal fiscal controls are operational and actively enforced.</li> </ul>	<p>Explore submitted amended fiscal policies, purchasing procedures, cash flow procedures, purchase order training materials, executed contracts, and a Fiscal Recovery Plan describing internal control measures. Although Explore represented that it had adopted a purchase order system, Explore did not provide a purchase order register or other evidence demonstrating that the system had been implemented or actively used, either following adoption of the policies or in response to the NOV.</p>
<p>2. Explore shall provide fully executed contracts from January 2026 to May 2026 for all fiscal, operational, and instructional service providers.</p>	<p>Explore submitted six (6) executed contracts covering the period January 2026 through May 2026.</p>
<p>3. Explore shall wholly and promptly respond to all lawful requests by OCDE, including all outstanding past-due documents previously requested by OCDE.</p>	<p>There are no outstanding documents due at this time.</p>
<p>4. 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.</p> <p>The response must be supported by documentation demonstrating that remedial actions have been implemented, rather than merely proposed or planned.</p>	<p>Explore submitted a board resolution adopted on May 14, 2026, certifying the accuracy and completeness of the information submitted in response to the NOV.</p> <p>Portions of the response continue to describe proposed or anticipated actions rather than implemented corrective measures.</p>

In response to the NOV, Explore submitted a Fiscal Recovery Plan, policy documents, executed contracts, staffing information, and related materials. Explore's Fiscal Recovery Plan states that the Executive Director and back-office fiscal representative meet weekly to review budget-to-actual reports, monitor cash flow, identify variances, and implement corrective actions, and that financial reports are presented monthly to the governing board and OCDE. Explore also reported that purchasing and approval procedures had been updated and adopted, and that oversight responsibilities had been assigned to school leadership and the governing board.

However, the submitted materials do not demonstrate that the identified internal control deficiencies have been fully remedied. FCMAT previously identified significant deficiencies in Explore's internal fiscal controls, including the absence of a purchase order system, inadequate cash flow monitoring, ineffective position control practices, expenditures incurred without sufficient budgetary or cash controls, staffing levels misaligned with enrollment, and insufficient contract oversight. The NOV similarly identified the absence of basic fiscal controls and advised Explore to implement and demonstrate operational oversight mechanisms sufficient to address these deficiencies.

Although Explore adopted amended fiscal policies and procedures and submitted supporting training materials, Explore did not provide a purchase order register or other documentation demonstrating implementation of the purchase order system required by its purchasing policies. Similarly, the planning documents submitted in support of the NOV Response contain inconsistencies regarding staffing assumptions, staffing ratios, projected staffing levels, and enrollment calculations. These inconsistencies raise questions regarding whether position control procedures are being implemented consistently and whether staffing decisions are being reconciled to board-approved enrollment assumptions and staffing ratios.

Lastly, Explore's internal controls and oversight is also impacted by significant turnover among Explore's back-office financial services providers. Explore transitioned from ICON School Management to Charter Impact in 2025 and will again transition from Charter Impact to Delta Managed Solutions, Inc., which will assume responsibility effective July 1, 2026. Charter Impact prepared the financial projections, cash flow forecasts, and fiscal recovery strategies submitted in support of the NOV Response. However, Explore represented that Charter Impact would cease providing services effective June 30, 2026, and that Delta Managed Solutions, Inc. would assume responsibility beginning July 1, 2026. The transition is scheduled to occur immediately before the beginning of the 2026–27 fiscal year, during which Explore projects significant enrollment growth, ongoing liquidity pressures, implementation of corrective fiscal actions, and continued efforts to restore fiscal solvency. Although a change in fiscal service providers is not inherently problematic, the submitted materials do not explain how responsibility for implementing and monitoring the Fiscal Recovery Plan will be transitioned between providers. This transition introduces additional uncertainty regarding continuity of financial reporting, implementation of internal controls, execution of the Fiscal Recovery Plan, and ongoing fiscal oversight. This concern is heightened by FCMAT's findings regarding organizational turnover and reliance on outside consultants for core operational functions.

Accordingly, based on the factual findings and supporting evidence set forth in the Notice of Violation and an evaluation of the information submitted by Explore during the Remedy Period,

there is substantial evidence that the violations related to internal fiscal controls, fiscal oversight, and operational fiscal management identified in the Notice of Violation have not been remedied.

## **VI. SUMMARY OF FINDINGS**

Based upon the Notice of Violation, the evidence submitted during the Remedy Period, and the factual findings set forth above, the Board finds substantial evidence that:

- A. Explore has not remedied the violations related to structural deficit spending, negative fund balances, and failure to maintain minimum reserve levels identified in the Notice of Violation.
- B. Explore has not remedied the violations related to unreasonable enrollment and revenue assumptions. The information submitted during the Remedy Period does not demonstrate that projected enrollment growth and related revenue assumptions are supported by reliable, verified, and internally consistent enrollment data.
- C. Explore has not remedied the violations related to cash management, liquidity risk, and fiscal solvency. The submitted materials continue to reflect significant liquidity concerns, substantial debt obligations, and reliance on projected enrollment growth and future revenue increases.
- D. Explore has not remedied the violations related to internal fiscal controls and oversight. Although Explore adopted policies and procedures intended to address identified deficiencies, the submitted materials do not demonstrate that key controls, including purchase order and position control practices, have been fully implemented and consistently enforced.

Ultimately, there is substantial evidence that Explore has failed to refute or remedy the violations identified in the Notice of Violation to the satisfaction of the Board.

## **VII. CONCLUSION**

Based on the factual findings and supporting evidence set forth in the Notice of Violation, the supporting exhibits incorporated therein, and the information submitted by Explore during the Remedy Period, the Orange County Board of Education has determined that substantial evidence exists that Explore has failed to remedy the violations identified in the Notice of Violation. The information submitted during the Remedy Period continues to reflect persistent structural deficits, negative fund balances, significant liquidity concerns, substantial debt obligations, unsupported enrollment and revenue assumptions, unresolved facility uncertainty, and deficiencies in internal fiscal controls and oversight.

Accordingly, pursuant to Education Code section 47607 and Title 5, California Code of Regulations section 11968.5.2, the Orange County Board of Education hereby provides notice of its intent to revoke the charter of Explore Academy Charter School and continue revocation proceedings. Pursuant to Education Code section 47607(h), the Orange County Board of Education will hold a public hearing on July 8, 2026, to determine whether substantial evidence exists to revoke Explore's charter.