SAGE OAK CHARTER SCHOOLS

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2025

Operated by:

Sage Oak Charter School – South – Charter #2051
Sage Oak Charter School – Charter #1885
Sage Oak Charter School – Keppel – Charter #1886

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SAGE OAK CHARTER SCHOOLS
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025

INDEPENDENT AUDITORS' REPORT

Board of Directors
Sage Oak Charter Schools
Redlands, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sage Oak Charter Schools (the School), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sage Oak Charter Schools and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School's financial statements as a whole. The Sage Oak – South, Sage Oak Charter School, Sage Oak – Keppel, and Eliminations columns in the statements of financial position, activities, and cash flows as well as the supplementary information (as identified in the table of contents) accompanying supplementary schedules, and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the local education agency organization structure but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 2025 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Ontario, California
December 15, 2025

SAGE OAK CHARTER SCHOOLS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

	Sage Oak - South	Sage Oak Charter School	Sage Oak - Keppel	Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 4,131,152	$ 18,817,956	$ 2,828,606	$ 25,777,714
Accounts Receivable	1,290,569	5,657,984	736,064	7,684,617
Prepaid Expenses and Other Assets	77,851	439,956	71,007	588,814
Total Current Assets	5,499,572	24,915,896	3,635,677	34,051,145
NON-CURRENT ASSETS				
Property, Plant, and Equipment, Net	40,015	264,130	38,339	342,484
Operating Right-of-Use Asset	361,687	2,463,473	341,853	3,167,013
Total Long-Term Assets	401,702	2,727,603	380,192	3,509,497
Total Assets	$ 5,901,274	$ 27,643,499	$ 4,015,869	$ 37,560,642
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 224,242	$ 2,847,058	$ 202,457	$ 3,273,757
Deferred Revenue	555,258	4,046,919	459,194	5,061,371
Operating Lease Liability, Current	77,955	529,709	72,958	680,622
Total Current Liabilities	857,455	7,423,686	734,609	9,015,750
LONG-TERM LIABILITIES				
Operating Lease Liability, Net	287,035	1,958,103	268,540	2,513,678
Total Liabilities	1,144,490	9,381,789	1,003,149	11,529,428
NET ASSETS				
Net Assets Without Donor Restrictions	4,756,784	18,261,710	3,012,720	26,031,214
Total Net Assets	4,756,784	18,261,710	3,012,720	26,031,214
Total Liabilities and Net Assets	$ 5,901,274	$ 27,643,499	$ 4,015,869	$ 37,560,642

See accompanying Notes to Financial Statements.

SAGE OAK CHARTER SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

	Sage Oak - South	Sage Oak Charter School	Sage Oak - Keppel	Total
REVENUES, WITHOUT DONOR RESTRICTIONS				
State Revenue:				
State Aid	$ 6,549,107	$ 45,710,558	$ 4,520,579	$ 56,780,244
Other State Revenue	971,052	6,360,081	774,768	8,105,901
Federal Revenue:				
Grants and Entitlements	147,211	1,129,168	152,217	1,428,596
Local Revenue:				
In-Lieu Property Tax Revenue	335,417	728,457	787,542	1,851,416
Investment Income	533,434	314,676	-	848,110
Contibutions	-	18,689	-	18,689
Other Revenue	2,004	99,602	(9,846)	91,760
Total Revenues, Without Donor Restrictions	8,538,225	54,361,231	6,225,260	69,124,716
EXPENSES				
Program Services	6,970,656	48,074,351	5,405,236	60,450,243
Management and General	731,533	5,941,491	551,320	7,224,344
Total Expenses	7,702,189	54,015,842	5,956,556	67,674,587
CHANGE IN NET ASSETS	836,036	345,389	268,704	1,450,129
Net Assets Without Donor Restrictions - Beginning of Year	3,920,748	17,916,321	2,744,016	24,581,085
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	$ 4,756,784	$ 18,261,710	$ 3,012,720	$ 26,031,214

See accompanying Notes to Financial Statements.

SAGE OAK CHARTER SCHOOLS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025

	Sage Oak - South	Sage Oak Charter School	Sage Oak - Keppel	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets	$ 836,036	$ 345,389	$ 268,704	$ -	$ 1,450,129
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:					
Depreciation	16,163	116,028	15,476	-	147,667
Noncash Lease Expense	(24,790)	44,967	6,495		26,672
(Increase) Decrease in Assets:					
Accounts Receivable	(685,795)	(389,036)	(208,358)	-	(1,283,189)
Intercompany Receivables	-	6,376,465	236,893	(6,613,358)	-
Prepaid Expenses and Other Assets	(17,405)	(36,302)	(30,810)	-	(84,517)
Increase (Decrease) in Liabilities:					
Accounts Payable and Accrued Liabilities	19,115	(54,889)	55,722	-	19,948
Deferred Revenue	(160,633)	(726,756)	(153,498)	-	(1,040,887)
Intercompany Payables	(6,613,358)	-	-	6,613,358	-
Net Cash (Used) Provided by Operating Activities	(6,630,667)	5,675,866	190,624	-	(764,177)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of Property, Plant, and Equipment	(39,442)	(257,292)	(37,803)	-	(334,537)
Net Cash Used by Investing Activities	(39,442)	(257,292)	(37,803)	-	(334,537)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,670,109)	5,418,574	152,821	-	(1,098,714)
Cash and Cash Equivalents - Beginning of Year	10,801,261	13,399,382	2,675,785	-	26,876,428
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 4,131,152	$ 18,817,956	$ 2,828,606	$ -	$ 25,777,714

See accompanying Notes to Financial Statements.

SAGE OAK CHARTER SCHOOLS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	Sage Oak - South		
	Program Services	Management and General	Total
Salaries and Wages	$ 3,716,642	$ 304,383	$ 4,021,025
Pension Expense	561,394	26,035	587,429
Other Employee Benefits	507,820	34,831	542,651
Payroll Taxes	88,351	16,917	105,268
Management Fees	-	51,732	51,732
Legal Expenses	-	42,079	42,079
Accounting Expenses	-	6,496	6,496
Instructional Materials	958,205	27,703	985,908
Other Fees for Services	870,008	18,320	888,328
Advertising and Promotion Expenses	5,230	5,025	10,255
Office Expenses	21,869	11,014	32,883
Information Technology Expenses	146,989	27,515	174,504
Occupancy Expenses	9,393	58,047	67,440
Travel Expenses	7,897	29,222	37,119
Depreciation Expense	-	16,163	16,163
Insurance Expense	-	16,063	16,063
Other Expenses	76,858	39,988	116,846
Total Expenses by Function	$ 6,970,656	$ 731,533	$ 7,702,189

	Sage Oak Charter School		
	Program Services	Management and General	Total
Salaries and Wages	$ 26,248,948	$ 2,099,546	$ 28,348,494
Pension Expense	4,114,305	189,991	4,304,296
Other Employee Benefits	3,594,177	277,264	3,871,441
Payroll Taxes	633,434	126,963	760,397
Management Fees	-	1,392,170	1,392,170
Legal Expenses	14,750	229,546	244,296
Accounting Expenses	-	44,866	44,866
Instructional Materials	6,561,048	141,929	6,702,977
Other Fees for Services	5,272,627	105,533	5,378,160
Advertising and Promotion Expenses	42,326	33,817	76,143
Office Expenses	150,863	79,392	230,255
Information Technology Expenses	971,926	197,138	1,169,064
Occupancy Expenses	190,002	272,330	462,332
Travel Expenses	54,117	206,429	260,546
Depreciation Expense	-	116,028	116,028
Insurance Expense	-	148,826	148,826
Other Expenses	225,828	279,723	505,551
Total Expenses by Function	$ 48,074,351	$ 5,941,491	$ 54,015,842

See accompanying Notes to Financial Statements.

SAGE OAK CHARTER SCHOOLS
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Sage Oak - Keppel		
	Program Services	Management and General	Total
Salaries and Wages	$ 2,805,506	$ 195,756	$ 3,001,262
Pension Expense	425,149	16,116	441,265
Other Employee Benefits	411,032	22,646	433,678
Payroll Taxes	62,672	10,943	73,615
Management Fees	-	53,365	53,365
Legal Expenses	-	32,667	32,667
Accounting Expenses	-	4,149	4,149
Instructional Materials	848,950	16,094	865,044
Other Fees for Services	606,265	14,254	620,519
Advertising and Promotion Expenses	4,192	4,082	8,274
Office Expenses	17,392	9,301	26,693
Information Technology Expenses	112,657	19,130	131,787
Occupancy Expenses	7,721	43,628	51,349
Travel Expenses	5,991	22,305	28,296
Depreciation Expense	-	15,476	15,476
Insurance Expense	-	19,074	19,074
Other Expenses	97,709	52,334	150,043
Total Expenses by Function	$ 5,405,236	$ 551,320	$ 5,956,556

	Total		
	Program Services	Management and General	Total
Salaries and Wages	$ 32,771,096	$ 2,599,685	$ 35,370,781
Pension Expense	5,100,848	232,142	5,332,990
Other Employee Benefits	4,513,029	334,741	4,847,770
Payroll Taxes	784,457	154,823	939,280
Management Fees	-	1,497,267	1,497,267
Legal Expenses	14,750	304,292	319,042
Accounting Expenses	-	55,511	55,511
Instructional Materials	8,368,203	185,726	8,553,929
Other Fees for Services	6,748,900	138,107	6,887,007
Advertising and Promotion Expenses	51,748	42,924	94,672
Office Expenses	190,124	99,707	289,831
Information Technology Expenses	1,231,572	243,783	1,475,355
Occupancy Expenses	207,116	374,005	581,121
Travel Expenses	68,005	257,956	325,961
Depreciation Expense	-	147,667	147,667
Insurance Expense	-	183,963	183,963
Other Expenses	400,395	372,045	772,440
Total Expenses by Function	$ 60,450,243	$ 7,224,344	$ 67,674,587

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Sage Oak Charter Schools (the School) consists of three charter schools and is a nonprofit benefit corporation under the laws of the state of California. As of June 30, 2025, the School operated the following charter schools:

- Sage Oak Charter School – South
- Sage Oak Charter School
- Sage Oak Charter School – Keppel

Basis of Accounting

The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

Costs of providing the School's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The expenses that are allocated include salaries and wages, pension expense, other employee benefits, payroll taxes, other fees for services, office expenses, printing and postage, information technology, and other expenses, which are allocated on the basis of estimates of time and effort.

Cash and Cash Equivalents

The School defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Classes

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Accounts Receivables

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2025. Management believes that all receivables are fully collectible, therefore no provisions for uncollectible accounts were recorded.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The sponsor agency of the School is required by law to provide in-lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

Revenue Recognition

Amounts received from the California Department of Education are conditional and recognized as revenue by the School based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in net assets without donor restriction, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restriction.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2025, the School has conditional grants of $5,061,371 of which $5,061,371 is recognized as deferred revenue in the statement of financial position.

Income Taxes

The School is part of a nonprofit corporation exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The School files an exempt school return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

Leases

The School leases office space and equipment. The School determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, and operating lease liabilities on the statement of financial position. Finance leases are included in financing ROU assets, and lease liabilities – financing on the statement of financial position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the School uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statement of financial position.

The School has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The School's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the School considers factors such as if the School has obtained substantially all of the rights to the underlying asset through exclusivity, if the School can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Evaluation of Subsequent Events

The School has evaluated subsequent events through December 15, 2025, the date these financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date. Financial assets available for general expenditures comprise cash and cash equivalents and accounts receivable for the total amount of $33,462,331.

As part of its liquidity management plan, the School monitors liquidity required and cash flows to meet operating needs on a monthly basis. The School structures its financial assets to be available as general expenditures, liabilities and other obligations come due.

NOTE 3 CONCENTRATION OF CREDIT RISK

The School maintains cash balances held in banks and revolving funds which are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC). At times, cash in these accounts exceeds the insured amounts. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

The School also maintains cash in the County Treasury (the County). The County pools these funds with those of other educational Schools in the County and invests the cash. These pooled funds are carried at costs which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The funds maintained by the County are either secured by federal depository insurance or collateralized. The fair value of the School's deposits in this pool as of June 30, 2025, as provided by the pool sponsor was $19,972,512.

NOTE 4 PROPERTY, PLANT, AND EQUIPMENT

Property, plant and equipment in the accompanying financial statements represents building improvements in progress. Depreciation expense associated to the building improvements for the year ended June 30, 2025 is $134,362.

The components of property, plant, and equipment as of June 30, 2025 are as follows:

	Sage Oak - South	Sage Oak Charter School	Sage Oak - Keppel	Total
Building Improvements	$ 39,166	$ 283,556	$ 38,052	$ 360,774
Equipment	24,480	159,692	23,463	207,635
Construction in Progress	14,962	97,599	14,340	126,901
Total	78,608	540,847	75,855	695,310
Less: Accumulated Depreciation	(38,593)	(276,717)	(37,516)	(352,826)
Total Property, Plant, and Equipment	$ 40,015	$ 264,130	$ 38,339	$ 342,484

NOTE 5 EMPLOYEE RETIREMENT

Multiemployer Defined Benefit Pension Plans

Qualified employees are covered under multiemployer defined benefit pension plans maintained by agencies of the state of California. The risks of participating in this multi-employer defined benefit pension plan are different from single-employer plans because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and state contribution rates are set by the California Legislature, and (c) if the School chooses to stop participating in the multiemployer plan, it may be required to pay a withdrawal liability to the plan. The School has no plans to withdraw from this multiemployer plan.

State Teachers' Retirement System (STRS)

Plan Description

The School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiemployer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2024 total STRS plan net assets are $341 billion, the total actuarial present value of accumulated plan benefits is $482 billion, contributions from all employers totaled $8.577 billion, and the plan is 76.7% funded. The School did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826, and www.calstrs.com.

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.205% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for year ended June 30, 2025 was 19.10% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

NOTE 5 EMPLOYEE RETIREMENT (CONTINUED)

Funding Policy (Continued)

The School's contributions to STRS for the past three years are as follows:

Year Ended June 30,	Required Contribution	Percent Contributed
2023	$ 3,461,231	100%
2024	$ 4,366,687	100%
2025	$ 5,094,602	100%

NOTE 6 LEASES – ASC 842

The School leases equipment as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through April 2030. Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Additionally, the agreements generally require the School to pay real estate taxes, insurance, and repairs. The following table provides quantitative information concerning the School's lease for the year ended June 30, 2025:

Operating Lease Costs	$ 318,863
Other Information:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 316,306
Right-of-use assets obtained in exchange for new operating lease liabilities:	$ 2,910,823
Weighted-Average Remaining Lease Term - Operating Leases	4.3 Years
Weighted-Average Discount Rate - Operating	4.01%

The School classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2025, is as follows:

Year Ending June 30,	Operating Leases
2026	$ 779,051
2027	818,487
2028	834,308
2029	724,470
2030	313,332
Thereafter	18,958
Total Lease Payments	3,488,606
Less: Interest	(294,306)
Present Value of Lease Liabilities	$ 3,194,300

NOTE 7 CONTINGENCIES, RISKS, AND UNCERTAINTIES

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

In the normal course of business, the School is subject to legal claims. After consultation with the School's legal counsel, management of the School is of the opinion that liabilities, if any, arising from such claims would not have a material effect on the School's financial position.

SUPPLEMENTARY INFORMATION

SAGE OAK CHARTER SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2025

	Required Instructional Days	Traditional Calendar Days	Status
Sage Oak – South			
Grade K	175	175	In compliance
Grade 1	175	175	In compliance
Grade 2	175	175	In compliance
Grade 3	175	175	In compliance
Grade 4	175	175	In compliance
Grade 5	175	175	In compliance
Grade 6	175	175	In compliance
Grade 7	175	175	In compliance
Grade 8	175	175	In compliance
Grade 9	175	175	In compliance
Grade 10	175	175	In compliance
Grade 11	175	175	In compliance
Grade 12	175	175	In compliance
Sage Oak Charter School			
Grade K	175	175	In compliance
Grade 1	175	175	In compliance
Grade 2	175	175	In compliance
Grade 3	175	175	In compliance
Grade 4	175	175	In compliance
Grade 5	175	175	In compliance
Grade 6	175	175	In compliance
Grade 7	175	175	In compliance
Grade 8	175	175	In compliance
Grade 9	175	175	In compliance
Grade 10	175	175	In compliance
Grade 11	175	175	In compliance
Grade 12	175	175	In compliance
Sage Oak – Keppel			
Grade K	175	175	In compliance
Grade 1	175	175	In compliance
Grade 2	175	175	In compliance
Grade 3	175	175	In compliance
Grade 4	175	175	In compliance
Grade 5	175	175	In compliance
Grade 6	175	175	In compliance
Grade 7	175	175	In compliance
Grade 8	175	175	In compliance
Grade 9	175	175	In compliance
Grade 10	175	175	In compliance
Grade 11	175	175	In compliance
Grade 12	175	175	In compliance

See the Auditors' Report and accompanying Notes to Supplementary Information.

SAGE OAK CHARTER SCHOOLS
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
YEAR ENDED JUNE 30, 2025

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
Sage Oak – South				
Grades K-3	-	303.89	-	303.59
Grades 4-6	-	115.81	-	114.03
Grades 7-8	-	71.48	-	71.49
Grades 9-12	-	81.79	-	80.97
ADA Totals	-	572.97	-	570.08
Sage Oak Charter School				
Grades K-3	-	1,647.08	-	1,649.59
Grades 4-6	-	956.03	-	957.09
Grades 7-8	-	577.53	-	578.10
Grades 9-12	-	661.03	-	662.71
ADA Totals	-	3,841.67	-	3,847.49
Sage Oak – Keppel				
Grades K-3	-	203.48	-	203.10
Grades 4-6	-	104.59	-	103.90
Grades 7-8	-	70.81	-	70.27
Grades 9-12	-	60.68	-	60.85
ADA Totals	-	439.56	-	438.12

See the Auditors' Report and accompanying Notes to Supplementary Information.

SAGE OAK CHARTER SCHOOLS
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

There were no differences between the Annual Financial Report and Audited Financial Statements.

See the Auditors' Report and accompanying Notes to Supplementary Information.

SAGE OAK CHARTER SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Additional Identification	Sage Oak - South	Sage Oak Charter School	Sage Oak - Keppel	Total
U.S. Department of Education							
Pass-Through Program From							
California Department of Education:							
Every Student Succeeds Act							
Title I, Part A, Basic Grants: Low-Income and Neglected	84.010	14329		$ 49,512	$ 451,653	$ 59,569	$ 560,734
Title II, Part A, Teacher Quality	84.367	14341		8,985	76,088	9,097	94,170
Title IV, Part A, Student Support & Academic Enrichment	84.424	N/A		10,000	27,730	10,000	47,730
Special Education Cluster:							
Special Education - IDEA	84.027	13379		78,714	573,697	73,551	725,962
Total Special Education Cluster				78,714	573,697	73,551	725,962
Total U.S. Department of Education				147,211	1,129,168	152,217	1,428,596
Total Federal Expenditures				$ 147,211	$ 1,129,168	$ 152,217	$ 1,428,596

N/A - Not Applicable and/or Not Available.

See the Auditors' Report and accompanying Notes to Supplementary Information.

PURPOSE OF SCHEDULES

NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME

This schedule presents information on the amount of instructional time offered by the School and whether the School complied with the provisions of California Education Code.

NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE

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

NOTE 3 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

This schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form to the audited financial statements.

NOTE 4 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the School under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the School, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the School.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement

NOTE 5 INDIRECT COST RATE

The School has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

OTHER INFORMATION

SAGE OAK CHARTER SCHOOLS
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2025

Sage Oak Charter Schools (the School) consists of three charter schools and is a nonprofit benefit corporation under the laws of the state of California. As of June 30, 2025, the School operated the following charter schools:

- Sage Oak Charter School – South
- Sage Oak Charter School
- Sage Oak Charter School – Keppel

Sage Oak Charter School – South was established in 2019, when it was granted its charter through Warner Unified School District (WUSD) and its charter school status from the California Department of Education. The charter may be revoked by the District for material violations of the charter, failure to meet or make progress toward student outcomes, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law. The charter school number is: 2051.

Sage Oak Charter School was established in 2017, when it was granted its charter through Helendale Elementary School District (HESD) and its charter school status from the California Department of Education. The charter may be revoked by the District for material violations of the charter, failure to meet or make progress toward student outcomes, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law. The charter school number is: 1885.

Sage Oak Charter School – Keppel was established in 2017, when it was granted its charter through Keppel Union Elementary School District (KUSD) and its charter school status from the California Department of Education. The charter may be revoked by the District for material violations of the charter, failure to meet or make progress toward student outcomes, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law. The charter school number is: 1886.

The Board of Directors and the Administrators as of the year ended June 30, 2025 were as follows:

Sage Oak Charter Schools – BOARD OF DIRECTORS

Member	Office	Term Expires
William Hall	President	September 14, 2026
Michael Humphrey	Vice President	September 14, 2026
Steve Fraire	Clerk	September 8, 2025
Susan Houle	Member	September 8, 2025
Pete Matz	Member	September 14, 2026

ADMINISTRATORS

Krista Woodgrift	Superintendent & CEO

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Sage Oak Charter Schools
Redlands, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Sage Oak Charter Schools (the School), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Ontario, California
December 15, 2025

CliftonLarsonAllen LLP
CLAconnect.com

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

Board of Directors
Sage Oak Charter Schools
Redlands, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sage Oak Charter Schools' (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2025. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative* Requirements*, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Board of Directors
Sage Oak Charter Schools

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Ontario, California
December 15, 2025

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

Board of Directors
Sage Oak Charter Schools
Redlands, California

Report on Compliance

Opinion on State Compliance

We have audited Sage Oak Charter Schools' (the School) compliance with the types of compliance requirements applicable to the School described in the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2025. The School's applicable state compliance requirements are identified in the table below.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that are applicable to the School for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the School's compliance with the laws and regulations applicable to the following items:

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Not Applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Not Applicable
Career Technical Education Incentive Grant (CTEIG)	Not Applicable
Expanded Learning Opportunities Program	Not Applicable
Transitional Kindergarten	Not Applicable
Kindergarten Continuance	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes – Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

Not Applicable: The School did not receive program funding or did not otherwise operate the program during the fiscal year.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Ontario, California
December 15, 2025

SAGE OAK CHARTER SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? ______ yes __x__ no

   - Significant deficiency(ies) identified? ______ yes __x__ none reported

3. Noncompliance material to financial statements noted? ______ yes __x__ no

Federal Awards

1. Internal control over major federal programs:

   - Material weakness(es) identified? ______ yes __x__ no

   - Significant deficiency(ies) identified? ______ yes __x__ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ______ yes __x__ no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.027	Special Education IDEA

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? __x__ yes ______ no

Section I – Summary of Auditors' Results (Continued)

All audit findings must be identified as one or more of the following categories:

Five Digit Code	Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Findings and Questioned Costs – State Compliance

There were no findings or questioned costs related to state awards for June 30, 2025.

SAGE OAK CHARTER SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025

There were no findings and questioned costs related to the basic financial statements, federal awards, or state awards for the prior year.