



NEVADA CITY SCHOOL OF THE ARTS

CONSOLIDATED AUDIT REPORT

FOR THE YEAR ENDED
JUNE 30, 2025

A NONPROFIT PUBLIC BENEFIT CORPORATION
OPERATING THE FOLLOWING CALIFORNIA CHARTER SCHOOL

Nevada City School of the Arts (Charter No. 0869)

AND CONSOLIDATED WITH

Raven Springs, LLC

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Nevada City School of the Arts
Nevada City, California

Report on the Consolidated Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Nevada City School of the Arts which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nevada City School of the Arts 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nevada City School of the Arts 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nevada City School of the Arts' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nevada City School of the Arts' 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 consolidated financial statements as a whole. The supplementary information listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the 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 consolidated 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 consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated 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 our report dated December 15, 2025, on our consideration of Nevada City School of the Arts' 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 Nevada City School of the Arts' 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 Nevada City School of the Arts' internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
December 15, 2025

NEVADA CITY SCHOOL OF THE ARTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

ASSETS

Current assets	
Cash and cash equivalents	\$ 828,574
Investments	115,222
Accounts receivable	2,027,544
Prepaid expenses	24,985
Total current assets	<u>2,996,325</u>

Noncurrent assets	
Deposits	13,786
Capital assets, net	4,835,459
Total noncurrent assets	<u>4,849,245</u>
Total Assets	<u>\$ 7,845,570</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	\$ 239,030
Rental security deposits	10,303
Loans payable	3,022,175
Total liabilities	<u>3,271,508</u>

Net assets	
Without donor restrictions	4,257,402
With donor restrictions	316,660
Total net assets	<u>4,574,062</u>
Total Liabilities and Net Assets	<u>\$ 7,845,570</u>

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

NEVADA CITY SCHOOL OF THE ARTS
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Federal and state support and revenues			
Local control funding formula, state aid	\$ 4,111,885	\$ -	\$ 4,111,885
Federal revenues	709,817	34,820	744,637
Other state revenues	1,964,851	221,434	2,186,285
Total federal and state support and revenues	<u>6,786,553</u>	<u>256,254</u>	<u>7,042,807</u>
Local support and revenues			
Payments in lieu of property taxes	1,187,505	-	1,187,505
Grants and donations	24,793	-	24,793
Donated stock	30,136	-	30,136
Afterschool childcare fees	191,794	-	191,794
Rental income	247,242	-	247,242
Investment income, net	59,575	-	59,575
Other local revenues	745,859	-	745,859
Total local support and revenues	<u>2,486,904</u>	<u>-</u>	<u>2,486,904</u>
Donor restrictions satisfied	185,120	(185,120)	-
Total Support and Revenues	9,458,577	71,134	9,529,711
EXPENSES			
Program services	6,410,214	-	6,410,214
Management and general	3,455,446	-	3,455,446
Total Expenses	9,865,660	-	9,865,660
CHANGE IN NET ASSETS			
	(407,083)	71,134	(335,949)
Net Assets - Beginning	4,843,830	-	4,843,830
Prior period restatements	(179,345)	245,526	66,181
Net Assets - Beginning, as restated	4,664,485	245,526	4,910,011
Net Assets - Ending	\$ 4,257,402	\$ 316,660	\$ 4,574,062

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

NEVADA CITY SCHOOL OF THE ARTS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services	Management and General	Total
EXPENSES			
Personnel expenses			
Certificated salaries	\$ 2,000,309	\$ 257,150	\$ 2,257,459
Non-certificated salaries	1,382,944	940,927	2,323,871
Pension plan contributions	580,868	93,087	673,955
Payroll taxes	171,407	89,431	260,838
Other employee benefits	298,044	154,110	452,154
Total personnel expenses	4,433,572	1,534,705	5,968,277
Non-personnel expenses			
Books and supplies	614,869	112,045	726,914
Insurance	-	204,069	204,069
Facilities	11,508	723,921	735,429
Professional services	1,271,533	174,195	1,445,728
Interest expense	-	134,115	134,115
Depreciation	-	407,732	407,732
Fees to authorizing agency	-	52,994	52,994
Other operating expenses	78,732	111,670	190,402
Total non-personnel expenses	1,976,642	1,920,741	3,897,383
Total Expenses	\$ 6,410,214	\$ 3,455,446	\$ 9,865,660

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

NEVADA CITY SCHOOL OF THE ARTS
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (335,949)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	407,732
Donated stock	(30,136)
Unrealized gain on investments	(44,948)
(Increase) decrease in operating assets	
Accounts receivable	(440,173)
Prepaid expenses	153,325
Increase (decrease) in operating liabilities	
Accounts payable	17,773
Rental security deposits	1,425
Net cash provided by (used in) operating activities	<u>(270,951)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of capital assets	<u>(862,389)</u>
Net cash provided by (used in) investing activities	<u>(862,389)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Draws or proceeds from loans payable	1,166,743
Principal payments on loans payable	(197,450)
Net cash provided by (used in) financing activities	<u>969,293</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	
	(164,047)
Cash and cash equivalents - Beginning, restated	<u>992,621</u>
Cash and cash equivalents - Ending	<u>\$ 828,574</u>
SUPPLEMENTAL DISCLOSURE	
Cash paid for interest	<u>\$ 134,115</u>

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

**NEVADA CITY SCHOOL OF THE ARTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Nevada City School of the Arts (the “Organization”) was formed as a nonprofit public benefit corporation on November 9, 2007 for the purpose of operating as a California public school located in Nevada County.

The Organization’s school, Nevada City School of the Arts (the “Charter”) was numbered by the State Board of Education in May 2007 as California Charter No. 0869. The mission of the Nevada City School of the Arts is to nurture and inspire academic excellence through the arts for children in transitional kindergarten through eighth grade.

The Charter is authorized by the Nevada County Superintendent of Schools (the “authorizing agency” or “NCSOS”). In February 2017, the Nevada County Board of Education approved a charter petition renewal for a five-year term beginning July 1, 2017 and expiring on June 30, 2022. As a result of AB 130 and SB 114, the charter petition end date was extended to June 30, 2025. In March 2025, a charter petition renewal was approved for a seven-year term ending June 30, 2032. Funding sources primarily consist of state apportionments, in lieu of property tax revenues, and grants and donations from the public.

In April 2020, articles of incorporation were filed to establish a limited liability corporation under Raven Springs, LLC (the “LLC”) whereby the Organization is the sole statutory member of the LLC. As such, the LLC is deemed a “disregarded entity” and its financial information is consolidated with the Organization.

B. Basis of Accounting

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

C. Principals of Consolidation

The accompanying financial statements include the accounts of Nevada City School of the Arts and Raven Springs, LLC, which comprise the Organization as a whole. Intercompany accounts and transactions have been eliminated in consolidation.

D. Financial Statement Presentation

The consolidated financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Nevada City School of the Arts reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net assets with donor restrictions – These assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires (that is until the stipulated time restriction ends or the purpose of the restriction is accomplished) the net assets are restricted. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

**NEVADA CITY SCHOOL OF THE ARTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Financial Statement Presentation (continued)

With respect to the Charter, the Organization also accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual* presented in Procedure 810 Charter Schools. Fund accounting is not used in the Organization's financial statement presentation.

E. Estimates

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

F. Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as "net assets released from restrictions." Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without restriction upon acquisition of the assets and the assets are placed in service.

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

G. In Lieu of Property Tax Revenue

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

H. Functional Expenses

The costs of providing services have been summarized on a functional basis in the consolidated statement of activities and detailed in the consolidated statement of functional expenses. Certain costs and expenses have been allocated between program and supporting services based on management's estimates.

I. Cash and Cash Equivalents

Nevada City School of the Arts considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents.

**NEVADA CITY SCHOOL OF THE ARTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Investments

The Organization's method of accounting for most investments is the fair value method. Fair value is determined by published quotes when they are readily available. Gains and losses resulting from adjustments to fair values are included in the accompanying statement of activities. Investment return is presented net of any investment fees.

K. Receivables and Allowances

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

L. Capital Assets

Nevada City School of the Arts has adopted a policy to capitalize asset purchases over \$5,000. Lesser amounts are expensed. Donations of capital assets are recorded as contributions at their estimated fair value. Such donations are reported as net assets without donor restrictions. Capital assets are depreciated using the straight-line method over the estimated useful lives of the property and equipment or the related lease terms.

M. Deferred Revenue

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

N. Lease Arrangements

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, a new lease standard effective no later than the fiscal year 2022-23. Under FASB ASC 842, a right-of-use asset and a related lease liability must be recorded on the statement of financial position (balance sheet) for proper recognition of any operating lease. A right-of-use asset is an intangible asset that pertains to the lessee's right to occupy, operate, and hold a leased asset during the agreed rental period. A lease liability is the financial obligation for the payments required by the lease, discounted to present value.

O. Income Taxes

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

NEVADA CITY SCHOOL OF THE ARTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Income Taxes (continued)

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

P. Fair Value Measurements

The Fair Value Measurements Topic of the FASB *Accounting Standards Codification* establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy are described below.

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
Level 2	Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 2 – CASH AND CASH EQUIVALENTS

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

Cash in banks, interest bearing	\$ 594,636
Cash in banks, non-interest bearing	233,838
Cash on hand or awaiting deposit	100
Total Cash and Cash Equivalents	\$ 828,574

Cash in Banks – Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, an organization's deposits may not be returned to it. The FDIC insures up to \$250,000 per depositor per insured bank. The mitigate the risk, the Organization makes use of a sweep account to ensure balances are under the FDIC limit. As of June 30, 2025, Nevada City School of the Arts' bank balance was not exposed to custodial credit risk as there were no deposits over \$250,000 in accounts at any one insured bank.

NOTE 3 – INVESTMENTS

The following table provides a description and sets forth, by level within the fair value hierarchy explained in Note 1P, the Charter's investments as of June 30, 2025. Investments as of June 30, 2025 are presented on the statement of financial position at the market value noted below.

	Market Value	Fair Value Classification				At Cost
		Level 1	Level 2	Level 3		
Equity securities	\$ 115,222	\$ 115,222	\$	-	\$	- \$ 58,811
Total Investments	\$ 115,222	\$ 115,222	\$	-	\$	- \$ 58,811

NEVADA CITY SCHOOL OF THE ARTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 4 – ACCOUNTS RECEIVABLE

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

Local control funding sources, state aid	\$ 1,104,358
Federal sources	152,826
Other state sources	520,295
In lieu property tax payments	122,913
Other local sources	127,152
Total Accounts Receivable	\$ 2,027,544

NOTE 5 – CAPITAL ASSETS

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

Nevada City School of the Arts	Balance		Balance	
	July 1, 2024	Additions	Disposals	June 30, 2025
Property and equipment				
Land	\$ 104,265	\$ -	\$ -	\$ 104,265
Buildings	149,252	-	-	149,252
Construction in progress	192,146	-	-	192,146
Total property and equipment	445,663	-	-	445,663
Less accumulated depreciation	(154,934)	(14,926)	-	(169,860)
Capital Assets, net	\$ 290,729	\$ (14,926)	\$ -	\$ 275,803

Raven Springs, LLC	Balance		Balance	
	July 1, 2024	Additions	Disposals	June 30, 2025
Property and equipment				
Land	\$ 1,335,647	\$ -	\$ -	\$ 1,335,647
Buildings	4,895,111	708,750	-	5,603,861
Furniture and equipment	39,152	-	-	39,152
Construction in progress	223,654	670,243	708,750	185,147
Total property and equipment	6,493,564	1,378,993	708,750	7,163,807
Less accumulated depreciation	(2,211,345)	(392,806)	-	(2,604,151)
Capital Assets, net	\$ 4,282,219	\$ 986,187	\$ 708,750	\$ 4,559,656
Consolidated Capital Assets, net	\$ 4,572,948	\$ 971,261	\$ 708,750	\$ 4,835,459

NOTE 6 – ACCOUNTS PAYABLE

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

Salaries and benefits	\$ 113,088
Vendor payables	72,948
Due to authorizing agency	52,994
Total Accounts Payable	\$ 239,030

NEVADA CITY SCHOOL OF THE ARTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 7 – LOANS PAYABLE

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

	Balance July 1, 2024	Draws	Payments	Balance June 30, 2025
Property loan	\$ 2,009,068	\$ -	\$ 77,357	\$ 1,931,711
Construction loan	-	471,625	9,069	462,556
On-Bill financing loan	43,814	-	7,511	36,303
NCSOS loan	-	500,000	-	500,000
Line of credit	-	195,118	103,513	91,605
Total Loans Payable	\$ 2,052,882	\$ 1,166,743	\$ 197,450	\$ 3,022,175

Property Loan

On August 24, 2021, Raven Springs, LLC entered into a promissory note agreement with Tri Counties Bank for a principal amount of \$2,210,000. The interest rate on this loan is 4.75% for the first sixty payments. Thereafter, the interest rate is subject to change from time to time based on the five-year T-Bill. The loan matures on August 24, 2031 and is secured by real property located in Nevada City, California. Future minimum payments associated with the promissory note are as follows:

Fiscal Year Ending June 30,	Property Loan
2026	\$ 172,383
2027	172,383
2028	172,383
2029	172,383
2030	172,383
Thereafter	1,484,021
Total payments	2,345,936
Less interest	(414,225)
Total	\$ 1,931,711

Construction Loan

On September 19, 2024, Raven Springs, LLC entered into a promissory note agreement with Tri Counties Bank for a principal amount of \$470,000. The interest rate on this loan is 7.00% for the first sixty payments. Thereafter, the interest rate is subject to change from time to time based on the five-year T-Bill. The loan matures on September 19, 2034 and is intended for construction related costs. Future minimum payments associated with the promissory note are as follows:

Fiscal Year Ending June 30,	Construction Loan
2026	\$ 44,066
2027	44,066
2028	44,066
2029	44,066
2030	44,066
Thereafter	502,145
Total payments	722,475
Less interest	(259,919)
Total	\$ 462,556

**NEVADA CITY SCHOOL OF THE ARTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 7 – NOTES PAYABLE (continued)

On-Bill Financing Loan

On January 5, 2021, the Organization entered into an on-bill financing agreement with Pacific Gas and Electric. Pacific Gas and Electric, a utility company, incurred the costs related to clean energy upgrades. The Organization will repay the loan over the course of nine years and three months through their utility bill. Repayment obligations for the on-bill financing loan are as follows:

Fiscal Year Ending June 30,	On-Bill Loan
2026	\$ 7,511
2027	7,511
2028	7,511
2029	7,511
2030	6,259
Total	\$ 36,303

NCSOS Loan

The Charter entered into a short-term borrowing with its authorizing agency, the Nevada County Superintendent of Schools (NCSOS) for \$500,000. The amount will be repaid in the subsequent fiscal year.

Line of Credit

The Charter obtained a revolving line of credit with Tri Counties Bank in the amount of \$400,000. The line of credit is under a promissory note that was issued August 24, 2021, and holds a maturity date of August 24, 2026. During the year ended June 30, 2025, the Charter drew \$195,118 in funds and repaid \$103,513. The Charter had an outstanding loan payable under this line of credit of \$91,605 as of June 30, 2025; which includes principal of \$95,118 reduced by issuance costs of \$3,513.

NOTE 8 – NET ASSETS

Beginning Net Assets

At July 1, 2024, prior period restatements were necessary to include a brokerage account omitted in the previous year as well as reclassify unspent funding sources with donor restrictions to the correct net assets category. The inclusion of the brokerage funds was mainly attributed to an unrecorded stock donation but also included a restatement to the beginning cash balance of \$26,043 for bank deposits held in this account. The prior period restatements to net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets - Beginning	\$ 4,843,830	\$ -	\$ 4,843,830
Prior period restatements			
Include brokerage funds	66,181	-	66,181
Reclass funding sources with restricted balances			
Child nutrition programs	(155,272)	155,272	-
Lottery: instructional materials	(61,686)	61,686	-
Best practices local grant	(28,568)	28,568	-
Total prior period restatements	(179,345)	245,526	66,181
Net Assets - Beginning, as restated	\$ 4,664,485	\$ 245,526	\$ 4,910,011

NEVADA CITY SCHOOL OF THE ARTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 8 – NET ASSETS (continued)

Ending Net Assets

Net Assets with Donor Restrictions

At June 30, 2025, the Organization's net assets with donor restrictions consist of the following:

Child nutrition programs	\$ 190,092
Lottery: instructional materials	74,441
Best practices local grant	52,127
Total Net Assets with Donor Restrictions	\$ 316,660

Net Assets without Donor Restrictions

Certain designations or reserves have been made for the use of net assets without donor restrictions either by the board, management or by nature of the financial assets held by the Organization. At June 30, 2025, the Organization's net assets without donor restrictions consists of the following:

Net investment in capital assets	\$ 2,349,587
Undesignated	1,907,815
Total Net Assets without Donor Restrictions	\$ 4,257,402

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of June 30, 2025, reduced by amounts not available for general expenditure within one year. Financial assets are considered not available for general use when illiquid or not convertible to cash within one year, consist of assets held for others or are held aside by the governing board for specific contingency reserves. Any board designations could be drawn upon if the board approves that action. Nevada City School of the Arts utilized a line of credit which can be drawn upon to ensure financial assets are available as general expenditures and other obligations become due.

Financial Assets	
Cash and cash equivalents	\$ 828,574
Investments, at cost	58,811
Accounts receivable	2,027,544
Prepaid expenses	24,985
Contractual or donor-imposed restrictions	
Cash restricted by others for specific uses	(316,660)
Cash held for conditional contributions	(10,303)
Financial Assets available to meet cash needs for expenditures within one year	\$ 2,612,951

NOTE 10 – EMPLOYEE RETIREMENT PLANS

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

NEVADA CITY SCHOOL OF THE ARTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 10 – EMPLOYEE RETIREMENT PLANS (continued)

California State Teachers' Retirement System (CalSTRS)

Plan Description

Nevada City School of the Arts contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate annual comprehensive financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, P.O. Box 15275, Sacramento, California 95851-0275.

Funding Policy

Active plan members are required to contribute 10.25% or 10.205% of their 2024-25 salary depending on the employee's membership date in the plan. The required employer contribution rate for fiscal year 2024-25 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter's contributions to CalSTRS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2024-25	\$ 425,646	100%
2023-24	\$ 431,722	100%
2022-23	\$ 408,612	100%

On-Behalf Payments

The State of California makes direct on-behalf payments for retirement benefits to CalSTRS on behalf of all school agencies in California. The amount of on-behalf payments made for Nevada City School of the Arts is estimated at \$213,133. The on-behalf payment amount is computed as the proportionate share of total 2023-24 State on-behalf contributions.

Alternative Plan

As established by federal law, all public sector employees who are not members of their employer's existing retirement plan (CalSTRS) must be covered by social security or an alternative plan. The Charter offers both social security and a 403(b) plan. All employees are eligible to participate in the plans. A participant of the 403(b) plan may make an election to defer compensation and have it contributed to this plan. Total employer contributions made to the plan during the fiscal year ended June 30, 2025 was \$35,176.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Charter School Authorization

As mentioned in Note 1A, Nevada City School of the Arts is approved to operate as a public charter school through authorization by the Nevada County Superintendent of Schools. As such, the Charter is subject to the risk of possible non-renewal or revocation at the discretion of its authorizing agency if certain criteria for student outcomes, management, and/or fiscal solvency are not met.

The Charter makes payments to the authorizing agency, to provide required services for oversight. Fees associated with oversight consisted of 1% of revenue from local control funding formula sources. Total fees to the authorizing agency for oversight amounted to \$52,994 for the fiscal year ending June 30, 2025.

NEVADA CITY SCHOOL OF THE ARTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – COMMITMENTS AND CONTINGENCIES (continued)

Governmental Funds

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

Multiemployer Defined Benefit Plan Participation

Under current law on multiemployer defined benefit plans, the Organization's voluntary withdrawal from any underfunded multiemployer defined benefit plan would require the Organization to make payments to the plan, which would approximate the Organization's proportionate share of the multiemployer plan's unfunded vested liabilities for the Charter. CalSTRS has estimated that the Charter's share of withdrawal liability is approximately \$2,300,609 as of June 30, 2024. The Organization does not currently intend to withdraw the Charter from CalSTRS. Refer to Note 10 for additional information on employee retirement plans.

Employee Retention Credit

Management has deemed that the Organization is eligible for the Employee Retention Tax Credit (ERTC) under the CARES Act. The ERTC is a refundable tax credit for certain employment taxes for eligible employers meeting certain criteria. The credit is claimed either by filing the original or adjusted employee tax return(s) with the Internal Revenue Service. The ERTC is a government grant accounted for as a conditional contribution under FASB revenue recognition standards. The Charter has recorded a total of \$822,991 as federal revenue in the previous fiscal year.

Pending or Threatened Litigation

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

NOTE 12 – DONATED MATERIALS AND SERVICES

During the year, many parents, administrators and other individuals donated significant amounts of time and services to Nevada City School of the Arts in an effort to advance the Charter's programs and objectives. These services have not been recorded in the Organization's financial statements because they do not meet the criteria required by generally accepted accounting principles. During the year ended June 30, 2025, the Organization received an unrestricted donation of stock valued at \$30,136.

NOTE 13 – INTERAGENCY TRANSACTIONS

As mentioned in Note 1A, Nevada City School of the Arts and Raven Springs, LLC are considered financially interrelated under generally accepted accounting principles because of the statutory relationship. As such, interagency transactions and balances are eliminated in the consolidated financial statements of the Organization to better reflect the true activities of the corporation.

Transactions during the fiscal year that were excluded and shown as eliminations on the consolidating statement of financial position within the supplementary information include lease payments recorded as a lease expense to the Charter and rental income to the LLC, as well as, professional service payments recorded as local income to the Charter and a supporting service expense to the LLC. No right-of-use asset nor operating lease liability have been recorded for the Charter as there is no current lease agreement on file with the LLC yet the Charter intends to enter into a renewal agreement in the near future. The LLC also provided a donation to the Charter for \$100,000.

**NEVADA CITY SCHOOL OF THE ARTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 14 – SUBSEQUENT EVENTS

Nevada City School of the Arts has evaluated subsequent events for the period from June 30, 2025 through December 15, 2025, the date the financial statements were available to be issued.

In August 2025, the Organization entered into an agreement to sell their Verizon cell tower to a third party buyer for \$478,972. A second agreement was entered into to sell an AT&T cell tower for \$240,000 and is expected to be completed in December 2025.

Management did not identify any other transactions or events that require disclosure or that would have an impact on the financial statements.

SUPPLEMENTARY INFORMATION

NEVADA CITY SCHOOL OF THE ARTS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

	Nevada City School of the Arts Charter No. 0869	Raven Springs, LLC	Eliminations	Consolidated Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 608,418	\$ 220,156	\$ -	\$ 828,574
Investments	115,222	-	-	115,222
Accounts receivable	2,026,080	1,464	-	2,027,544
Interagency receivables	119,919	-	(119,919)	-
Prepaid expenses	9,661	15,324	-	24,985
Total current assets	2,879,300	236,944	(119,919)	2,996,325
Noncurrent assets				
Investment in LLC	3,442,286	-	(3,442,286)	-
Deposits	13,786	-	-	13,786
Capital assets, net	275,803	4,559,656	-	4,835,459
Total noncurrent assets	3,731,875	4,559,656	(3,442,286)	4,849,245
Total Assets	\$ 6,611,175	\$ 4,796,600	\$ (3,562,205)	\$ 7,845,570
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable	\$ 236,195	\$ 2,835	\$ -	\$ 239,030
Interagency payables	-	119,919	(119,919)	-
Rental security deposits	-	10,303	-	10,303
Loans payable	631,420	2,390,755	-	3,022,175
Total liabilities	867,615	2,523,812	(119,919)	3,271,508
Net assets				
Without donor restrictions	5,426,900	2,272,788	(3,442,286)	4,257,402
With donor restrictions	316,660	-	-	316,660
Total net assets	5,743,560	2,272,788	(3,442,286)	4,574,062
Total Liabilities and Net Assets	\$ 6,611,175	\$ 4,796,600	\$ (3,562,205)	\$ 7,845,570

NEVADA CITY SCHOOL OF THE ARTS
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Nevada City School for the Arts (Charter No. 0869)				Raven Springs, LLC	Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total			
SUPPORT AND REVENUES						
Federal and state support and revenues						
Local control funding formula, state aid	\$ 4,111,885	\$ -	\$ 4,111,885	\$ -	\$ -	\$ 4,111,885
Federal revenues	709,817	34,820	744,637	-	-	744,637
Other state revenues	1,964,851	221,434	2,186,285	-	-	2,186,285
Total federal and state support and revenues	<u>6,786,553</u>	<u>256,254</u>	<u>7,042,807</u>	<u>-</u>	<u>-</u>	<u>7,042,807</u>
Local support and revenues						
Payments in lieu of property taxes	1,187,505	-	1,187,505	-	-	1,187,505
Grants and donations	124,793	-	124,793	-	(100,000)	24,793
Donated stock	30,136	-	30,136	-	-	30,136
Afterschool childcare fees	191,794	-	191,794	-	-	191,794
Rental income	-	-	-	965,742	(718,500)	247,242
Investment income, net	55,008	-	55,008	4,567	-	59,575
Other local revenues	929,134	-	929,134	613	(183,888)	745,859
Total local support and revenues	<u>2,518,370</u>	<u>-</u>	<u>2,518,370</u>	<u>970,922</u>	<u>(1,002,388)</u>	<u>2,486,904</u>
Donor restrictions satisfied	<u>185,120</u>	<u>(185,120)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenues	9,490,043	71,134	9,561,177	970,922	(1,002,388)	9,529,711
EXPENSES						
Program services	6,410,214	-	6,410,214	100,000	(100,000)	6,410,214
Management and general	3,193,074	-	3,193,074	1,164,760	(902,388)	3,455,446
Total Expenses	9,603,288	-	9,603,288	1,264,760	(1,002,388)	9,865,660
CHANGE IN NET ASSETS						
	(113,245)	71,134	(42,111)	(293,838)	-	(335,949)
Net Assets - Beginning	5,719,490	-	5,719,490	2,566,626	(3,442,286)	4,843,830
Prior period restatement	(179,345)	245,526	66,181	-	-	66,181
Net Assets - Beginning, as restated	5,540,145	245,526	5,785,671	2,566,626	(3,442,286)	4,910,011
Net Assets - Ending	\$ 5,426,900	\$ 316,660	\$ 5,743,560	\$ 2,272,788	\$ (3,442,286)	\$ 4,574,062

NEVADA CITY SCHOOL OF THE ARTS
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2025

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

Grade Span	Second Period	
	Report	Annual Report
	Classroom-Based	
Regular		
Kindergarten* through third	192.74	192.30
Fourth through sixth	148.74	148.17
Seventh through eighth	107.78	107.36
Total Average Daily Attendance -		
Classroom-Based	449.26	447.83
Total Average Daily Attendance	449.26	447.83

*Includes Transitional Kindergarten (TK)

The Charter had no Nonclassroom-Based ADA in 2024-25.

**NEVADA CITY SCHOOL OF THE ARTS
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2025**

This schedule presents information on the amount of instructional time offered per grade level by the charter school and whether the charter school complied with the provisions of *Education Code Section 47612.5*.

Grade Level	Minutes Requirement	2024-25 Instructional Minutes	2024-25 Number of Days	Status
Kindergarten*	36,000	47,295	175	Complied
Grade 1	50,400	51,255	175	Complied
Grade 2	50,400	51,255	175	Complied
Grade 3	50,400	51,255	175	Complied
Grade 4	54,000	58,485	175	Complied
Grade 5	54,000	58,485	175	Complied
Grade 6	54,000	55,185	175	Complied
Grade 7	54,000	55,185	175	Complied
Grade 8	54,000	55,185	175	Complied

*Includes Transitional Kindergarten (TK)

**NEVADA CITY SCHOOL OF THE ARTS
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL
STATEMENTS
JUNE 30, 2025**

This schedule provides the information necessary to reconcile fund balance/net position reported on the Financial Report – Alternative Form (Charter School Unaudited Actuals) to net assets on the audited financial statements.

There were no adjustments to reconcile net position reported on the Unaudited Actuals to net assets per the audited financial statements for the year end ended June 30, 2025.

OTHER INFORMATION

**NEVADA CITY SCHOOL OF THE ARTS
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2025**

This schedule provides information about the local education agency (LEA or charter school), including the charter school's authorizing agency, grades served, members of the governing body, and members of the administration.

Nevada City School of the Arts, located in Nevada County, was formed as a nonprofit public benefit corporation on November 9, 2007. The charter school operated by the nonprofit, Nevada City School of the Arts, was numbered by the State Board of Education in May 2007 as Charter No. 0869. The charter school is authorized by the Nevada County Superintendent of Schools with a current charter petition end date of June 30, 2032. Classes initially began in August 2007. During 2024-25, the charter school served approximately 477 students in grades TK to 8.

BOARD OF DIRECTORS

Name	Office	Term Expiration
LeeAnne Haglund	Chair	June 30, 2025
Lauren Hesterman	Vice Chair	June 30, 2025
Meshawn Simmons	Treasurer	June 30, 2025
Abby Oas	Secretary	June 30, 2025
Jon LeFebre	Member	June 30, 2025
Elissa Spencer	Member	June 30, 2026
Andrew Todd	Member	June 30, 2025
Jaylee McGregor	Member	June 30, 2025

ADMINISTRATION

Holly Pettitt
School Director

OTHER INDEPENDENT AUDITORS' REPORTS

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

Independent Auditors' Report

To the Board of Directors of
Nevada City School of the Arts
Nevada City, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Nevada City School of the Arts (the "Organization") as of and for the year ended June 30, 2025, and the related notes to the consolidated financial statements, which collectively comprise the Organization's 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 Organization's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Christy White, Inc.

San Diego, California
December 15, 2025

REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Independent Auditors' Report

To the Board of Directors of
Nevada City School of the Arts
Nevada City, California

Report on State Compliance

Opinion on State Compliance

We have audited Nevada City School of the Arts' compliance with the requirements specified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to Nevada City School of the Arts' state program requirements for the fiscal year ended June 30, 2025.

In our opinion, Nevada City School of the Arts complied, in all material respects, with the laws and regulations of the applicable state programs for the year ended June 30, 2025, as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

We are required to be independent of Nevada City School of the Arts and to meet certain 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 opinion on state compliance. Our audit does not provide a legal determination of Nevada City School of the Arts' 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 internal control over compliance with the requirements of the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Nevada City School of the Arts' state programs.

Auditor's Responsibilities for the Audit for State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Nevada City School of the Arts' compliance based on our audit.

Auditor's Responsibilities for the Audit for State Compliance (continued)

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 generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about Nevada City School of the Arts' compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, 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 Nevada City School of the Arts' compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Nevada City School of the Arts' 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 K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Nevada City School of the Arts' internal control over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine Nevada City School of the Arts' compliance with the state laws and regulations 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	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	Yes
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

"Not applicable" is used in the table above to indicate that the Charter either did not receive program funding or did not otherwise operate the program during the fiscal year.

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 or material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state 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 state 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 Auditor's Responsibilities for the Audit of State Compliance section 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. 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 K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
December 15, 2025

FINDINGS AND QUESTIONED COSTS SECTION

**NEVADA CITY SCHOOL OF THE ARTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

PART I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

State Awards

Internal control over state programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance with <i>2024-25 Guide for Annual Audits of California K-12 Local Education Agencies</i> ?	
Type of auditors' report issued on compliance for state programs:	Unmodified

All audit year findings, if any, are assigned an appropriate finding code as follows:

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
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

PART II – FINANCIAL STATEMENT FINDINGS

There were no audit findings related to the financial statements for the year ended June 30, 2025.

PART III – STATE AWARD FINDINGS AND QUESTIONED COSTS

There were no audit findings and questioned costs related to state awards for the year ended June 30, 2025.

**NEVADA CITY SCHOOL OF THE ARTS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

This section presents the status of actions taken by the Organization on each of the findings and recommendations reported in the prior year audit; however, there were no audit findings reported in the year ended June 30, 2024.