

THE PREUSS SCHOOL UCSD

AUDIT REPORT
JUNE 30, 2025

CALIFORNIA CHARTER No. 0169

THE PREUSS SCHOOL UCSD
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FINANCIAL SECTION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Independent Auditors' Report

Governing Board
The Preuss School UCSD
La Jolla, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund, and the aggregate remaining fund information of The Preuss School UCSD, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise The Preuss School UCSD's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund, and the aggregate remaining fund information of The Preuss School UCSD, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Preuss School UCSD 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 opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, The Preuss School UCSD adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Responsibilities of Management for the Financial Statements (continued)

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 Preuss School UCSD's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities 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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 judgement made by a reasonable user of the financial statements.

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

- Exercise professional judgement 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 Preuss School UCSD'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Preuss School UCSD'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedules of proportionate share of net pension liability, and schedules of charter contributions for pensions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Preuss School UCSD's basic financial statements. The supplementary information listed in the table of contents including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic 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 basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 January 28, 2026 on our consideration of The Preuss School UCSD'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 Preuss School UCSD's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Preuss School UCSD's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
January 28, 2026

THE PREUSS SCHOOL UCSD MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

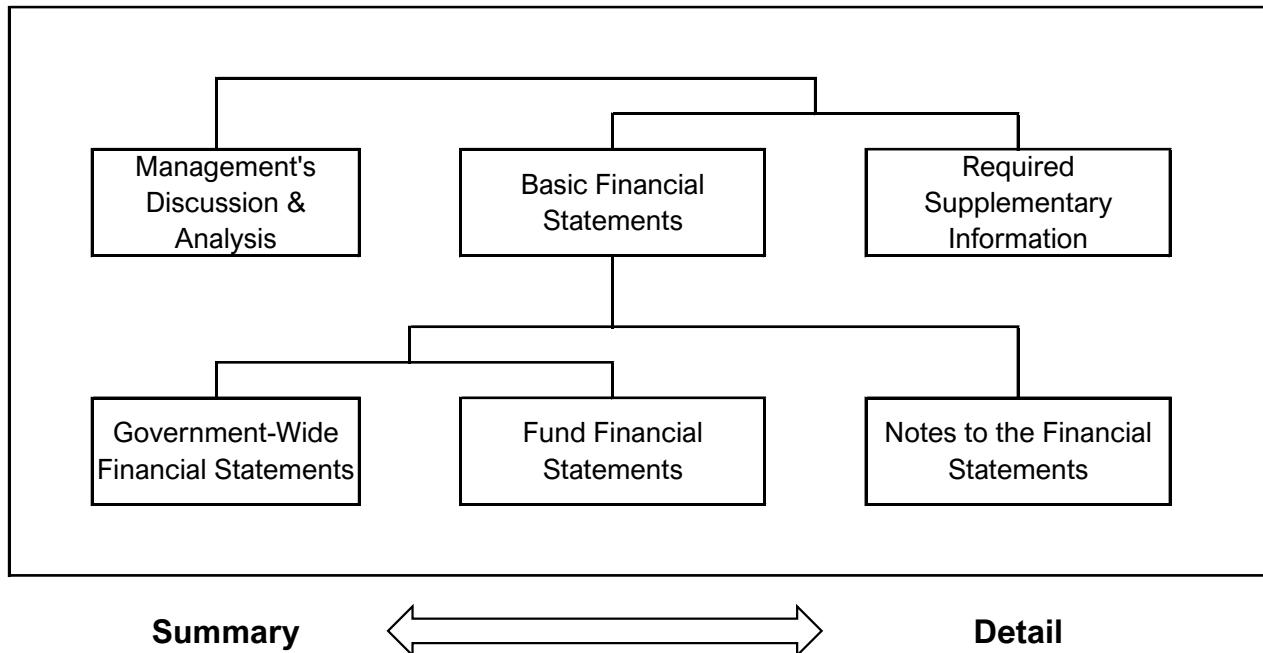
Our discussion and analysis of The Preuss School UCSD's (Charter) financial performance provides an overview of the Charter's financial activities for the fiscal year ended June 30, 2025. It should be read in conjunction with the Charter's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Charter's net position was \$26,395,376 at June 30, 2025. This was an increase of \$3,866,918 from the prior year restated balance.
- Overall revenues were \$17,136,181, which exceeded expenses of \$13,269,263.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section



**THE PREUSS SCHOOL UCSD
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financials Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of The Preuss School UCSD. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- **Fund financial statements** focus on reporting the individual parts of Charter operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Charter's programs.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-wide statements report information about the Charter as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the Charter's net position and how it has changed. Net position is one way to measure the Charter's financial health. Over time, increases or decreases in the Charter's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the Charter include governmental activities. All of the Charter's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

**THE PREUSS SCHOOL UCSD
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The Charter's total net position was \$26,395,376 at June 30, 2025, as reflected in table below. Of this amount, \$15,077,078 was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2025	2024	Net Change
ASSETS			
Current and other assets	\$ 23,046,861	\$ 19,831,983	\$ 3,214,878
Capital assets	4,102,177	3,739,727	362,450
Total Assets	27,149,038	23,571,710	3,577,328
DEFERRED OUTFLOWS OF RESOURCES	46,283	51,894	(5,611)
LIABILITIES			
Current liabilities	114,566	353,825	(239,259)
Long-term liabilities	479,418	509,517	(30,099)
Total Liabilities	593,984	863,342	(269,358)
DEFERRED INFLOWS OF RESOURCES	205,961	231,804	(25,843)
NET POSITION			
Net investment in capital assets	4,102,177	3,739,727	362,450
Restricted	7,216,121	2,964,555	4,251,566
Unrestricted	15,077,078	15,824,176	(747,098)
Total Net Position	\$ 26,395,376	\$ 22,528,458	\$ 3,866,918

**THE PREUSS SCHOOL UCSD
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the Charter as a whole are reported in the Statement of Activities. The table below takes the information from the Statement, and rearranges them slightly, so you can see our total revenues and expenses for the year.

	Governmental Activities		
	2025	2024	Net Change
REVENUES			
Program revenues			
Operating grants and contributions	\$ 4,296,976	\$ 5,143,519	\$ (846,543)
General revenues			
Property taxes	7,764,492	6,908,801	855,691
Unrestricted federal and state aid	3,498,602	3,716,123	(217,521)
Other	1,576,111	1,938,417	(362,306)
Total Revenues	17,136,181	17,706,860	(570,679)
EXPENSES			
Instruction	6,723,687	7,830,953	(1,107,266)
Instruction-related services	4,975,179	5,868,230	(893,051)
Pupil services	225,268	912,128	(686,860)
General administration	633,546	813,777	(180,231)
Plant services	474,016	462,843	11,173
Other outgo	5,000	-	5,000
Depreciation	232,567	168,527	64,040
Total Expenses	13,269,263	16,056,458	(2,787,195)
Change in net position	3,866,918	1,650,402	2,216,516
Net Position - Beginning	22,528,458	20,878,056	1,650,402
Net Position - Ending	\$ 26,395,376	\$ 22,528,458	\$ 3,866,918

The cost of all our governmental activities this year was \$13,269,263 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through in-lieu property taxes was \$7,764,492 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

In the table below, we have presented the net cost of each of the Charter's functions. Net cost shows the financial burden that was placed on the Charter's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Net Cost of Services	
	2025	2024
Instruction	\$ 2,426,711	\$ 2,687,434
Instruction-related services	4,975,179	5,868,230
Pupil services	225,268	912,128
General administration	633,546	813,777
Plant services	474,016	462,843
Transfers to other agencies	5,000	-
Depreciation	232,567	168,527
Total	\$ 8,972,287	\$ 10,912,939

**THE PREUSS SCHOOL UCSD
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE CHARTER'S GENERAL FUND

The financial performance of the Charter as a whole is reflected in its General Fund as well. As the Charter completed this year, its General Fund reported a combined fund balance of \$22,932,295, which is more than this year's beginning fund balance of \$19,478,158. The Charter's General Fund had \$3,454,137 more in operating revenues than expenditures for the year ended June 30, 2025.

CURRENT YEAR BUDGET 2024-2025

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a periodic basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Financial Report – Alternative Form (Charter School Unaudited Actuals) reflect the Charter's financial projections and current budget based on State and local financial information.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2024-2025, the Charter had invested \$4,102,177 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2025	2024	Net Change
CAPITAL ASSETS			
Construction in progress	\$ -	\$ 1,150,000	\$ (1,150,000)
Buildings & improvements	4,827,851	3,146,245	1,681,606
Furniture & equipment	294,383	264,443	29,940
Less: Accumulated depreciation	(1,020,057)	(820,961)	(199,096)
Total	\$ 4,102,177	\$ 3,739,727	\$ 362,450

Long-Term Debt

At year-end, the Charter had \$509,517 in long-term debt, an increase of 26.95% from last year – as shown in table below. More detailed information about the Charter's long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2025	2024	Net Change
LONG-TERM LIABILITIES			
Compensated absences	\$ 369,572	\$ 371,483	\$ (1,911)
Net pension liability	109,846	138,034	(28,188)
Total	\$ 479,418	\$ 509,517	\$ (30,099)

**THE PREUSS SCHOOL UCSD
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Several economic and fiscal factors could influence the local education agencies' (LEAs) financial condition in the coming year, including continued enrollment declines, uncertain federal and state revenues, high pension obligations, and a cooling California economy.

Long-Term Declining Enrollment

California's K-12 system continues to experience enrollment decline. Statewide enrollment fell another 0.5% in 2024-25 to about 5.8 million students, roughly 420,000 fewer than a decade ago. The Department of Finance projects an additional 586,000-student decline by 2033-34. Lower birth rates, high housing costs, and out-migration are key drivers, along with growing competition from charter and private schools. Because many costs—such as staffing and facilities—cannot easily adjust, revenue loss from declining Average Daily Attendance (ADA) creates structural fiscal challenges that require multi-year planning.

Revenue Uncertainties

- **Status of Proposition 98:** The 2025-26 State Budget sets the Proposition 98 guarantee at \$114.6 billion, slightly below earlier projections. To maintain K-12 funding commitments amid weaker tax receipts, the State relied on reserve drawdowns, internal borrowing, and limited deferrals. The outlook remains fragile since Proposition 98 revenues are highly sensitive to income-tax and capital-gains fluctuations. A market slowdown could trigger future adjustments. The Legislative Analyst's Office urges LEA's to budget cautiously and preserve flexibility given ongoing volatility.
- **Federal Funding Uncertainties:** Federal funding for K-12 education remains uncertain heading into 2025-26. Several large federal programs—including Title I, Title II, IDEA, and after-school and enrichment grants—face potential reductions or delays under current federal budget proposals and continuing appropriations negotiations. The U.S. Department of Education has also paused or delayed disbursement of certain previously approved formula and competitive grants, creating short-term cash-flow and planning challenges for LEA's. Analyses by nonpartisan agencies such as the Congressional Budget Office and the Learning Policy Institute note that up to \$5-6 billion in K-12 formula funds nationwide remain at risk of reduction or deferral if congressional appropriations are not finalized. While LEAs are expected to continue receiving baseline allocations during temporary funding resolutions, long-term federal support levels for education could decline modestly in real terms, requiring LEAs to plan for possible funding interruptions or reductions in future years.

Pension Liabilities and Employer Rates

The Charter participates in CalSTRS which remains underfunded and continue to exert upward pressure on budgets. For 2025-26, the CalSTRS employer rate is 19.10% This elevated rate—well above pre-2014 levels—will likely persist through the decade as both systems address unfunded liabilities. The Charter must continue to account for escalating pension costs in long-range projections.

Economic and Market Conditions

California's economy has cooled following its post-pandemic rebound. High interest rates, weaker venture investment, and commercial-real-estate softness have slowed growth, especially in tech-dependent regions. The UCLA Anderson Forecast (Fall 2025) expects subdued growth into 2026, with unemployment near 5%. Inflation has eased, but interest-rate uncertainty continues to constrain housing and business investment.

Because the State's tax base depends heavily on capital-gains income, stock-market volatility remains a major risk to General Fund and Proposition 98 revenues. Fiscal advisors therefore recommend that LEAs maintain prudent reserves and avoid long-term commitments based on one-time revenue gains.

**THE PREUSS SCHOOL UCSD
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Summary

Declining enrollment, volatile revenues, persistent pension costs, and broader economic uncertainty all contribute to a challenging fiscal environment for California charter schools. The Charter's 2025–26 budget reflects these conditions through conservative revenue assumptions, strong reserves, and continued monitoring of State fiscal trends.

CONTACTING THE CHARTER'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the Charter's finances and to show the Charter's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Jon Host, Chief Administrative Officer, at 9500 Gilman Drive #0536, La Jolla, California 92093.

**THE PREUSS SCHOOL UCSD
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Governmental Activities
ASSETS	
Cash and investments	\$ 22,002,260
Accounts receivable	1,044,601
Capital assets:	
Capital assets, net of accumulated depreciation	4,102,177
Total Assets	<u>27,149,038</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	46,283
Total Deferred Outflows of Resources	<u>46,283</u>
LIABILITIES	
Accrued liabilities	108,533
Unearned revenue	6,033
Long-term liabilities, non-current portion	479,418
Total Liabilities	<u>593,984</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	205,961
Total Deferred Inflows of Resources	<u>205,961</u>
NET POSITION	
Net investment in capital assets	4,102,177
Restricted:	
Educational programs	3,313,260
Permanent endowment	3,902,861
Unrestricted	15,077,078
Total Net Position	<u>\$ 26,395,376</u>

The accompanying notes are an integral part of these financial statements.

**THE PREUSS SCHOOL UCSD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Operating	Grants and Contributions	
		Governmental	Activities	
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 6,723,687	\$ 4,296,976	\$ (2,426,711)	
Instruction-related services				
Instructional supervision and administration	99,444	-	(99,444)	
Instructional library, media, and technology	405,760	-	(405,760)	
School site administration	4,469,975	-	(4,469,975)	
Pupil services				
Home-to-school transportation	43,203	-	(43,203)	
Food services	10,162	-	(10,162)	
All other pupil services	171,903	-	(171,903)	
General administration				
All other general administration	633,546	-	(633,546)	
Plant services	474,016	-	(474,016)	
Other outgo	5,000	-	(5,000)	
Depreciation (unallocated)	232,567	-	(232,567)	
Total Governmental Activities	\$ 13,269,263	\$ 4,296,976	\$ (8,972,287)	
General revenues				
Taxes and subventions				
In-lieu property taxes, levied for general purposes			7,764,492	
Federal and state aid not restricted for specific purposes			3,498,602	
Interest and investment earnings			1,532,301	
Miscellaneous			43,810	
Subtotal, General Revenue			12,839,205	
CHANGE IN NET POSITION			3,866,918	
Net Position - Beginning			22,528,458	
Net Position - Ending			\$ 26,395,376	

The accompanying notes are an integral part of these financial statements.

THE PREUSS SCHOOL UCSD
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025

	<u>General Fund</u>
ASSETS	
Cash and investments	\$ 22,002,260
Accounts receivable	1,044,601
Total Assets	<u>\$ 23,046,861</u>
LIABILITIES	
Accrued liabilities	\$ 108,533
Unearned revenue	6,033
Total Liabilities	<u>114,566</u>
FUND BALANCES	
Restricted	7,216,121
Assigned	9,749,019
Unassigned	5,967,155
Total Fund Balances	<u>22,932,295</u>
Total Liabilities and Fund Balances	<u>\$ 23,046,861</u>

The accompanying notes are an integral part of these financial statements.

THE PREUSS SCHOOL UCSD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION
JUNE 30, 2025

Total Fund Balance - Governmental Funds \$ 22,932,295

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 5,122,234
Accumulated depreciation	<u>(1,020,057)</u>
	4,102,177

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Compensated absences	\$ 369,572
Net pension liability	<u>109,846</u>
	(479,418)

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources related to pensions	\$ 46,283
Deferred inflows of resources related to pensions	<u>(205,961)</u>
	(159,678)

Total Net Position - Governmental Activities \$ 26,395,376

**THE PREUSS SCHOOL UCSD
GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025**

	General Fund
REVENUES	
LCFF sources	\$ 11,096,392
Federal sources	964,081
Other state sources	1,456,579
Other local sources	3,623,944
Total Revenues	17,140,996
EXPENDITURES	
Current	
Instruction	6,778,833
Instruction-related services	
Instructional supervision and administration	99,444
Instructional library, media, and technology	405,760
School site administration	4,469,975
Pupil services	
Home-to-school transportation	43,203
Food services	10,162
All other pupil services	171,903
General administration	
All other general administration	696,957
Plant services	1,005,622
Transfers to other agencies	5,000
Total Expenditures	13,686,859
Excess (Deficiency) of Revenues Over Expenditures	3,454,137
NET CHANGE IN FUND BALANCE	
Fund Balance - Beginning	3,454,137
Fund Balance - Ending	\$ 22,932,295

The accompanying notes are an integral part of these financial statements.

**THE PREUSS SCHOOL UCSD
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances - Governmental Funds	\$ 3,454,137
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Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	\$ 598,298
Depreciation expense:	<u>(232,567)</u>
	365,731

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

1,911

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:

45,139

Change in Net Position of Governmental Activities	<u>\$ 3,866,918</u>
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**THE PREUSS SCHOOL UCSD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Preuss School UCSD (the “Charter”) is a 6-12th grade college preparatory grade charter school operated by the University of California, San Diego (“UCSD”). The Charter began classes in 1999 and is numbered as Charter No. 0169. Authorized by the San Diego Unified School District (the “authorizing agency”) to provide an intensive college preparatory educational program that would enable students to attend college or university, the Charter targets low-income youth who demonstrate motivation to attend college and often who would be the first generation in their families to graduate from a four-year university. The Preuss School UCSD emphasizes a traditional liberal arts education complemented by the use of university resources to enhance teaching and learning and a focus on personalized instruction. The Charter is situated in a state of the art facility on the eastern edge of the UCSD campus in La Jolla, California. The current charter petition held between the Charter and the authorizing agency has a term ending on June 30, 2026.

The Preuss School UCSD accounts for its financial transactions in accordance with the policies and procedures of the Department of Education’s *California School Accounting Manual*. The accounting policies of the Charter conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

B. Component Units

Component units are legally separate organizations for which the Charter is financially accountable. Component units may also include organizations that are fiscally dependent on the Charter in that the Charter approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the Charter is not financially accountable but the nature and significance of the organization’s relationship with the Charter is such that exclusion would cause the Charter’s financial statements to be misleading or incomplete. The Charter has no such component units.

C. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the Charter). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the Charter’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Charter.

Fund Financial Statements. The fund financial statements provide information about the Charter’s funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

THE PREUSS SCHOOL UCSD
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Governmental Funds

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

General Fund: The General Fund is the main operating fund of the Charter. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the Charter's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A Charter may have only one General Fund.

D. Basis of Accounting – Measurement Focus

Government-Wide Statements

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Governmental Funds

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California schools and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts and charter schools as collectible within one year.

Non-exchange transactions, in which the Charter receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**THE PREUSS SCHOOL UCSD
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Revenues – Exchange and Non-Exchange Transactions (continued)

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the Charter must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the Charter on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the Charter prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Charter has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized. Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the Charter's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

Cash and Cash Equivalents

The Charter's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

THE PREUSS SCHOOL UCSD
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Capital Assets (continued)

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The Charter maintains a capitalization threshold of \$5,000. The Charter does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the estimated useful lives.

Compensated Absences

In accordance with GASB Statement No. 101, *Compensated Absences*, accumulated unpaid employee vacation and sick leave benefits are accrued as a liability in the government-wide financial statements as the benefits are earned, provided they accumulate and are more likely than not to be used or paid. The measurement of this liability includes estimated salary amounts and the employer's share of related taxes and benefits, as applicable, that are directly related to these compensated absences.

For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. For accumulated sick leave benefits, a liability is recognized for the portion that employees have earned and that are more likely than not to be used or paid. The Charter's policy for sick leave recognition aligns with this criterion, accruing the liability based on historical usage patterns and other relevant factors..

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the Charter will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Charter will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

THE PREUSS SCHOOL UCSD
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plan (the Plan) of the California State Teachers' Retirement System (CalSTRS) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as it is reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Charter is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, lease receivables (net of related deferred inflows), prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

**THE PREUSS SCHOOL UCSD
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Fund Balance (continued)

The Charter applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

G. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The Charter governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

H. In-Lieu Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County Auditor-Controller bills and collects the taxes on behalf of the San Diego Unified School District. In lieu of distributing funds out of property tax proceeds, the District makes payments to the Charter. Revenues are recorded by the Charter when received.

I. New Accounting Pronouncements

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The Charter has implemented this Statement as of June 30, 2025.

THE PREUSS SCHOOL UCSD
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. New Accounting Pronouncements (continued)

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for periods beginning after June 15, 2024. The Charter has implemented this Statement as of June 30, 2025.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The statement is effective for periods beginning after June 15, 2025. The Charter has not yet determined the impact on the financial statements.

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The statement is effective for periods beginning after June 15, 2025. The charter has not yet determined the impact on the financial statements.

THE PREUSS SCHOOL UCSD
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds
Investment in county treasury	\$ 2,834,130
Cash on hand and in banks	100
Cash with fiscal agent	5,516,151
Investments held by UCSD	<u>13,651,879</u>
Total	\$ 22,002,260

B. Investments in County Treasury

The Charter is a participant in an external investment pool. The San Diego County Treasurer's pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the Charter's investment in the pool is based upon the Charter's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest Charter funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

<u>Authorized Investment Type</u>	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U. S. Treasury Obligations	5 years	None	None
U. S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

THE PREUSS SCHOOL UCSD
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

B. Investments in County Treasury (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Charter manages its exposure to interest rate risk by investing in the County Treasury. The Charter maintains a pooled investment with the County Treasury with a fair value of approximately \$2,835,482 and an amortized book value of \$2,834,130. The average weighted maturity for this pool is 562 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2025, the pooled investments in the County Treasury were not rated.

C. Cash with Fiscal Agent

The UC San Diego Foundation (the “Foundation”), a legally separate tax-exempt public charity, which exists solely to support University of California, San Diego, has received charitable gift funds for the benefit of The Preuss School UCSD. As of June 30, 2025, \$5,516,151 was held at the Foundation on behalf of the Charter.

D. Investments Held by UCSD

The Regents of the University of California owns and manages funds functioning as endowments, as part of its General Endowment Pool investments, for the benefit of The Preuss School UCSD. The endowments have been classified as investment held by UCSD. The endowment was initially created using \$2,000,000 of the Charter’s reserves designated for the operation and maintenance of the Charter. In May 2017, the Charter made an additional transfer of reserves to the endowments. Additional information on the General Endowment Pool can be found in the University of California’s annual report. During the fiscal year ended June 30, 2025, activity for the endowments classified as investments held by UCSD was as follows:

	Unrestricted	Restricted	Total
Endowments - Beginning	\$ 8,722,225	\$ 3,197,252	\$ 11,919,477
Net Change	4,257,755	(2,525,353)	1,732,402
Endowments - Ending	\$ 12,979,980	\$ 671,899	\$ 13,651,879

E. Fair Value

The Charter categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

THE PREUSS SCHOOL UCSD
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

E. Fair Value (continued)

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the Charter's own data. The Charter should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the Charter are not available to other market participants.

Uncategorized - Investments in the San Diego County Treasury Investment Pool are not measured using the input levels above because the Charter's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The Charter's fair value measurements at June 30, 2025 were as follows:

	Quoted Prices		
	Level 1	Uncategorized	Total
Investment in county treasury	\$ -	\$ 2,834,130	\$ 2,834,130
Investments held by UCSD	13,651,879	-	13,651,879
Total	\$ 13,651,879	\$ 2,834,130	\$ 16,486,009

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2025 consisted of the following:

	General Fund	
Federal Government		
Categorical aid	\$ 145,086	
State Government		
Apportionment	743,114	
Categorical aid	124,786	
Lottery	31,615	
Total	\$ 1,044,601	

THE PREUSS SCHOOL UCSD
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance		Balance	
	July 01, 2024	Additions	Deletions	June 30, 2025
Governmental Activities				
Capital assets not being depreciated				
Construction in progress	\$ 1,150,000	\$ -	\$ 1,150,000	\$ -
Total capital assets not being depreciated	1,150,000	-	1,150,000	-
Capital assets being depreciated				
Buildings & improvements	3,146,245	1,681,606	-	4,827,851
Furniture & equipment	264,443	66,692	36,752	294,383
Total capital assets being depreciated	3,410,688	1,748,298	36,752	5,122,234
Less: Accumulated depreciation				
Buildings & improvements	602,202	223,628	-	825,830
Furniture & equipment	218,759	8,939	33,471	194,227
Total accumulated depreciation	820,961	232,567	33,471	1,020,057
Total capital assets being depreciated, net	2,589,727	1,515,731	3,281	4,102,177
Governmental Activities				
Capital Assets, net	\$ 3,739,727	\$ 1,515,731	\$ 1,153,281	\$ 4,102,177

NOTE 5 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2025 consisted of vendor payable of \$108,533 in the General Fund.

NOTE 6 – UNEARNED REVENUE

Unearned revenue at June 30, 2025 consisted of \$6,033 of federal categorical sources.

NOTE 7 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2025 consisted of the following:

	Balance		Balance	
	July 01, 2024	Additions	Deductions	June 30, 2025
Governmental Activities				
Compensated absences*	\$ 371,483	\$ -	\$ 1,911	\$ 369,572
Net pension liability	138,034	-	28,188	109,846
Total	\$ 509,517	\$ -	\$ 30,099	\$ 479,418

*The change in the compensated absences liability is presented as a net change.

Compensated Absences

Total unpaid employee compensated absences as of June 30, 2025 amounted to \$369,572. This amount is included as part of long-term liabilities in the government-wide financial statements.

Net Pension Liability

The Charter's beginning net pension liability was \$138,034 and decreased by \$28,188 during the year ended June 30, 2025. The ending net pension liability at June 30, 2025 was \$109,846. See Note 9 for additional information regarding the net pension liability.

THE PREUSS SCHOOL UCSD
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 8 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2025:

General Fund			
Restricted			
Permanent fund balance			
Lisa Hirschman psychological counseling services	\$ 584,518		
Dr. Kerri Mowen memorial endowment	594,276		
Preuss School endowed fund	2,646,444		
Preuss School humanities endowed fund	77,623		
Educational programs	3,313,260		
Total restricted	<u>7,216,121</u>		
Assigned			
Other funds held with UCSD			
Preuss School unrestricted endowment	778,176		
Preuss School psychology services	117,972		
Preuss School FFE	<u>8,852,871</u>		
Total assigned	<u>9,749,019</u>		
Unassigned			
Total	<u>5,967,155</u>		
	<u>\$ 22,932,295</u>		

The Charter is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The Charter's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than the greater of \$87,000 or four percent of General Fund expenditures and other financing uses.

NOTE 9 – PENSION PLAN

There is one (1) qualified employee who is covered under a multiple-employer contributory retirement plan maintained by agencies of the State of California. This certificated employee is a member of the California State Teachers' Retirement System (CalSTRS).

The Charter reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for the plan as follows:

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
CalSTRS Pension	\$ 109,846	\$ 46,283	\$ 205,961	\$ 28,277
Total	\$ 109,846	\$ 46,283	\$ 205,961	\$ 28,277

California State Teachers' Retirement System (CalSTRS)

Plan Description

The Charter 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 and disability benefits 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.

**THE PREUSS SCHOOL UCSD
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 9 – PENSION PLAN (continued)

California State Teachers' Retirement System (CalSTRS) (continued)

Copies of the CalSTRS annual financial report may be obtained from CalSTRS, P.O. Box 15275, Sacramento, CA 95851-0275.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2025, respectively, and the Charter is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2025 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the Charter were \$20,143 for the year ended June 30, 2025.

On-Behalf Payments

The Charter was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$10,194 to CalSTRS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the Charter reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Charter. The amount recognized by the Charter as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Charter were as follows:

Charter's proportionate share of the net pension liability	\$ 109,846
State's proportionate share of the net pension liability associated with the Charter	50,398
Total	\$ 160,244

THE PREUSS SCHOOL UCSD
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 9 – PENSION PLAN (continued)

California State Teachers' Retirement System (CalSTRS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The Charter's proportion of the net pension liability was based on a projection of the Charter's long-term share of contributions to the pension plan relative to the projected contributions of all participating local education agencies, actuarially determined. At June 30, 2024, the Charter's proportion was 0.0002 percent, which is equal to its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Charter recognized pension expense of \$(28,277) In addition, the Charter recognized pension expense and revenue of \$(4,815) for support provided by the State. At June 30, 2025, the Charter reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ -	\$ 443
Differences between expected and actual experience	12,425	4,803
Changes in assumptions	481	7,502
Changes in proportion and differences between Charter contributions and proportionate share of contributions	13,234	193,213
Charter contributions subsequent to the measurement date	20,143	-
Total	\$ 46,283	\$ 205,961

The \$20,143 reported as deferred outflows of resources related to pensions resulting from Charter contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	\$ 6,209	\$ 70,612
2027	6,210	52,965
2028	5,968	21,620
2029	4,704	21,330
2030	2,339	38,182
2031	710	1,252
Total	\$ 26,140	\$ 205,961

THE PREUSS SCHOOL UCSD
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 9 – PENSION PLAN (continued)

California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Growth	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2021 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period of July 1, 2021 to June 30, 2022.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions.

Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	38%	5.25%
Real Estate	15%	4.05%
Private Equity	14%	6.75%
Fixed Income	14%	2.45%
Risk Mitigating Strategies	10%	2.25%
Inflation Sensitive	7%	3.65%
Cash/Liquidity	2%	0.05%
	100%	

*Real return is net of assumed 2.75% inflation.

THE PREUSS SCHOOL UCSD
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 9 – PENSION PLAN (continued)

California State Teachers' Retirement System (CalSTRS) (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Charter's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Charter's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Charter's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Charter's proportionate share of the net pension liability	\$ 195,380	\$ 109,846	\$ 38,421

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Pension Plan

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the Charter recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the government-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 9. At June 30, 2025, total deferred outflows related to pensions was \$46,283 and total deferred inflows related to pensions was \$205,961.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Grants

The Charter received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims.

**THE PREUSS SCHOOL UCSD
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025**

NOTE 11 – COMMITMENTS AND CONTINGENCIES (continued)

Litigation

The Charter 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 Charter at June 30, 2025.

NOTE 12 – AUTHORIZING AGENCY

As mentioned in Note 1A, The Preuss School UCSD is approved to operate as a public charter school through authorization by the San Diego Unified School District. 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. On May 18, 2018, the authorizing agency approved a charter renewal for the Charter for a five-year term beginning on July 1, 2018 and expiring on June 30, 2023.

On July 9, 2021, the Governor of California approved Assembly Bill 130 (AB 130). Effective July 1, 2021, AB 130 added a provision within the California Education Code whereby all charter schools whose term expires on or between January 1, 2022, and June 30, 2025, inclusive, shall have their term extended by two years. As a result of AB 130, the end date for the current charter petition was extended to June 30, 2025.

On July 10, 2023, the Governor of California approved Senate Bill 114 (SB 114), which amended California Education Code (EC) 47607.4. The EC was amended to add “all charter schools whose term expires on or between January 1, 2024, and June 30, 2027, inclusive, shall have their term extended by one additional year.” As a result of SB 114, the charter petition end date is extended to June 30, 2026.

The Charter makes payments to the authorizing agency, San Diego Unified School District, to provide purchased services in addition to fees for oversight. Fees associated with oversight consisted of 1% of revenue from local control funding formula sources. Total fees for oversight amounted to \$119,131 for the fiscal year ending June 30, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

THE PREUSS SCHOOL UCSD
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 11,430,556	\$ 11,430,556	\$ 11,096,392	\$ (334,164)
Federal sources	522,993	942,878	964,081	21,203
Other state sources	1,575,144	1,576,406	1,446,385	(130,021)
Other local sources	1,813,536	1,813,536	3,623,944	1,810,408
Total Revenues	15,342,229	15,763,376	17,130,802	1,367,426
EXPENDITURES				
Certificated salaries	6,153,617	6,153,617	5,014,378	1,139,239
Classified salaries	1,806,894	1,844,063	1,834,906	9,157
Employee benefits	3,481,651	3,481,651	2,952,381	529,270
Books and supplies	1,523,729	1,547,446	1,373,067	174,379
Services and other operating expenditures	1,870,818	2,564,905	1,901,916	662,989
Capital outlay	1,061,078	1,061,078	595,017	466,061
Other outgo				
Excluding transfers of indirect costs	-	-	5,000	(5,000)
Total Expenditures	15,897,787	16,652,760	13,676,665	2,976,095
Excess (Deficiency) of Revenues				
Over Expenditures	(555,558)	(889,384)	3,454,137	4,343,521
NET CHANGE IN FUND BALANCE				
Fund Balance - Beginning, as Restated	(555,558)	(889,384)	3,454,137	4,343,521
Fund Balance - Ending	\$ 18,106,407	19,273,818	19,478,158	204,340
	\$ 17,550,849	\$ 18,384,434	\$ 22,932,295	\$ 4,547,861

*The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance due to audit adjustments.

See accompanying notes to required supplementary information.

THE PREUSS SCHOOL UCSD
SCHEDULE OF THE CHARTER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Charter's proportion of the net pension liability	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Charter's proportionate share of the net pension liability	\$ 109,846	\$ 138,034	\$ 241,305	\$ 93,052	\$ 186,141	\$ 485,753	\$ 483,842	\$ 478,329	\$ 439,425	\$ 622,731
State's proportionate share of the net pension liability associated with the Charter	50,398	66,137	(2,409)	46,821	95,954	265,013	277,024	282,978	250,193	(87,826)
Total	\$ 160,244	\$ 204,171	\$ 238,896	\$ 139,873	\$ 282,095	\$ 750,766	\$ 760,866	\$ 761,307	\$ 689,618	\$ 534,905
Charter's covered payroll	\$ 117,067	\$ 108,791	\$ 120,819	\$ 105,781	\$ 103,485	\$ 322,034	\$ 280,721	\$ 273,921	\$ 340,282	\$ 315,818
Charter's proportionate share of the net pension liability as a percentage of its covered payroll	93.83%	126.88%	199.72%	87.97%	179.87%	150.84%	172.36%	174.62%	129.14%	197.18%
Plan fiduciary net position as a percentage of the total pension liability	83.55%	80.62%	81.20%	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See accompanying notes to required supplementary information.

THE PREUSS SCHOOL UCSD
SCHEDULE OF CHARTER CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED June 30, 2025

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ 20,143	\$ 23,389	\$ 21,739	\$ 18,878	\$ 17,389	\$ 23,399	\$ 30,844	\$ 28,730	\$ 27,491	\$ 46,457
Contributions in relation to the contractually required contribution*	(20,143)	(23,389)	(21,739)	(18,878)	(17,389)	(23,399)	(30,844)	(28,730)	(27,491)	(46,457)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter's covered payroll	\$ 105,512	\$ 117,067	\$ 108,791	\$ 120,819	\$ 105,781	\$ 103,485	\$ 322,034	\$ 280,721	\$ 273,921	\$ 340,282
Contributions as a percentage of covered payroll	19.09%	19.98%	19.98%	15.63%	16.44%	22.61%	9.58%	10.23%	10.04%	13.65%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

**THE PREUSS SCHOOL UCSD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the Charter's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of the Charter's Proportionate Share of the Net Pension Liability

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. The schedule presents the Charter's proportion (percentage) of the collective net pension liability, the Charter's proportionate share (amount) of the collective net pension liability, the Charter's covered payroll, the Charter's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms: There were no changes in benefit terms since the previous valuations for CalSTRS.

Changes in Assumptions: There were no changes in economic assumptions since the previous valuation for CalSTRS.

Schedule of Charter Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the Charter's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the Charter's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the Charter's covered payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2025, the Charter incurred an excess of expenditures over appropriations in the General Fund presented in the Budgetary Comparison Schedule by the following major object code:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Other outgo			
Excluding transfers of indirect costs	\$	- \$	\$ 5,000
			5,000

SUPPLEMENTARY INFORMATION

THE PREUSS SCHOOL UCSD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 306,004
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	36,593
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	51,016
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	138,187
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	16,531
Subtotal Special Education Cluster			<u>154,718</u>
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	<u>211,410</u>
Total U. S. Department of Education			759,741
Total Federal Expenditures			\$ 759,741

See accompanying note to supplementary information.

**THE PREUSS SCHOOL UCSD
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2025**

	Second Period Report	Annual Report
CHARTER SCHOOL		
Regular ADA		
Fourth through Sixth	116.44	116.29
Seventh through Eighth	230.63	230.66
Ninth through Twelfth	440.53	439.41
TOTAL CHARTER SCHOOL	787.60	786.36
CLASSROOM-BASED CHARTER SCHOOL		
Regular ADA		
Classroom-based Fourth through Sixth	116.44	116.29
Classroom-based Seventh through Eighth	230.63	230.66
Classroom-based Ninth through Twelfth	440.53	439.41
TOTAL CLASSROOM-BASED CHARTER SCHOOL	787.60	786.36

See accompanying note to supplementary information.

**THE PREUSS SCHOOL UCSD
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2025**

Grade Level	Minutes Requirement	Actual Instructional Minutes	Number of Days	Status
Grade 6	54,000	74,187	197	Complied
Grade 7	54,000	74,187	197	Complied
Grade 8	54,000	74,187	197	Complied
Grade 9	64,800	74,421	197	Complied
Grade 10	64,800	74,421	197	Complied
Grade 11	64,800	74,421	197	Complied
Grade 12	64,800	74,421	197	Complied

See accompanying note to supplementary information.

THE PREUSS SCHOOL UCSD
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

	2026 (Budget)	2025	2024	2023
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 14,764,930	\$ 17,130,802	\$ 17,491,944	\$ 18,731,548
Expenditures And Other Financing Uses	17,233,440	13,676,665	16,736,239	13,397,500
Net change in Fund Balance	<u>\$ (2,468,510)</u>	<u>\$ 3,454,137</u>	<u>\$ 755,705</u>	<u>\$ 5,334,048</u>
Ending Fund Balance	\$ 20,463,785	\$ 22,932,295	\$ 19,273,818	\$ 18,802,072
Available Reserves*	\$ 6,381,843	\$ 5,967,155	\$ 4,594,126	\$ 5,802,640
Available Reserves As A Percentage Of Outgo	37.03%	43.63%	27.45%	43.31%
Long-term Liabilities	\$ 479,418	\$ 479,418	\$ 509,517	\$ 401,340
Average Daily Attendance At P-2	793	788	807	790

The General Fund ending fund balance has increased by \$4,209,842 over the past two years. However, the fiscal year 2025-26 budget projects a decrease of \$2,468,510. Available reserves of no less than the greater of \$87,000 or 4% of General Fund expenditures, transfers out, and other uses (total outgo) are recommended.

The Charter has incurred an operating surplus in two of the past three years and anticipates incurring an operating deficit during the 2025-26 fiscal year. Total long-term obligations have increased by \$78,078 over the past two years.

Average daily attendance has decreased by 2 ADA over the past two years. A further increase of 5 ADA is anticipated during the 2025-26 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because amounts on that schedule include audit adjustments.

See accompanying note to supplementary information.

**THE PREUSS SCHOOL UCSD
RECONCILIATION OF FINANCIAL REPORT – ALTERNATIVE FORM (CHARTER SCHOOL UNAUDITED
ACTUALS) WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

There were no differences to reconcile between the alternative unaudited actuals form and the audited financial statements for the year ended June 30, 2025.

See accompanying note to supplementary information.

THE PREUSS SCHOOL UCSD
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025

NOTE 1 – PURPOSE OF SCHEDULES

Local Education Agency Organization Structure

This schedule provides information about the Charter's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the Charter and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

	AL Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 964,081
Title I, Part A, Basic Grants Low-Income and Neglected Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.010	(1,046)
	84.425	<u>(203,294)</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 759,741</u>

The Charter has not elected to use the de minimis indirect cost rate of up to 15 percent.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the Charter and whether the Charter complied article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

Schedule of Financial Trends and Analysis

This schedule discloses the Charter's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the Charter's ability to continue as a going concern for a reasonable period of time.

Reconciliation of Financial Report – Alternative Form (Charter School Unaudited Actuals) with Audited Financial Statements

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

OTHER INFORMATION

**THE PREUSS SCHOOL UCSD
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2025**

The Preuss School UCSD (the “Charter”) is a 6-12th grade college preparatory grade charter school operated by the University of California, San Diego (“UCSD”). The Charter began classes in 1999 and is numbered as Charter No. 0169. The Preuss School UCSD is authorized by the San Diego Unified School District. The Charter is situated in a state of the art facility on the eastern edge of the UCSD campus in La Jolla, California.

GOVERNING BOARD

Member	Office	Term Expires
Dr. Christopher Halter	Chair, Academic Advisory Chair,Executive Committee Chair	June 2025
Julia Brown	Vice Chair	June 2026
William Bramley	Community Member	June 2026
Kelly Diep	Community Member	June 2025
Dr. Robert C. Dynes	UCSD President Emeritus	June 2026
Dr. Antonio Grillo-Lopez	Community Member	June 2027
Cynthia Gyamfi-Bannerman	Community Member	June 2026
Peter J. Preuss	Community Member	June 2026
Jeffrey Gehlhaar	Engagement and Philanthropy Chair	June 2027
Dan Goldstein	Finance and Budget Chair	June 2026
Matthew Weil	Immediate Past Chair	June 2027
Enrico Bernardo	Community Member	June 2027
Dr. Helen V. Griffith	Ex- Officio (Executive Director)	<i>Indefinite</i>
Dr. Mica Pollock	Ex- Officio (UCSD Representative)	<i>Indefinite</i>
Dr. Elizabeth Simmons	Ex- Officio (Executive Vice Chancellor, UCSD)	<i>Indefinite</i>

CHARTER ADMINISTRATORS

Dr. Helen V. Griffith
Executive Director

Dr. Matthew Steitz
Principal

Karin Marsolais
*Chief Administrative Officer**

Jon Host
*Chief Administrative Officer**

Kamila Brown and Danielle Agliam
Vice Principals

*Ms. Marsolais retired in June 2025 and Mr. Host began employment in February 2025.

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

Governing Board
The Preuss School UCSD
La Jolla, 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 the governmental activities and the General fund of The Preuss School UCSD, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise The Preuss School UCSD's basic financial statements, and have issued our report thereon dated January 28, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Preuss School UCSD'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 Preuss School UCSD's internal control. Accordingly, we do not express an opinion on the effectiveness of The Preuss School UCSD'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 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 Preuss School UCSD'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
January 28, 2026

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

Governing Board
The Preuss School UCSD
La Jolla, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Preuss School UCSD's 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 Preuss School UCSD's major federal programs for the year ended June 30, 2025. The Preuss School UCSD's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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* (CFR) 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Preuss School UCSD 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 audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Preuss School UCSD'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 the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Preuss School UCSD's federal programs. 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 Preuss School UCSD's compliance based on our audit.

Auditor's Responsibilities for the Audit for Compliance

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 Uniform Guidance 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 judgement made by a reasonable user of the report on compliance about The Preuss School UCSD's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement 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 Preuss School UCSD's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Preuss School UCSD'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 Preuss School UCSD's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Christy White, Inc.

San Diego, California
January 28, 2026

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

Independent Auditors' Report

Governing Board
The Preuss School UCSD
La Jolla, California

Report on State Compliance

Opinion on State Compliance

We have audited The Preuss School UCSD's compliance with the types of compliance requirements described in the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of The Preuss School UCSD's state programs for the fiscal year ended June 30, 2025, as identified below.

In our opinion, The Preuss School UCSD complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the applicable state programs for the year ended June 30, 2025.

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 *2024-2025 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 The Preuss School UCSD 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 audit opinion on state compliance. Our audit does not provide a legal determination of The Preuss School UCSD'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 the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Preuss School UCSD's state programs. 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 The Preuss School UCSD's compliance based on our audit.

Auditor's Responsibilities for the Audit of State Compliance

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 judgement made by a reasonable user of the report on compliance about The Preuss School UCSD's 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 judgement 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 Preuss School UCSD's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Preuss School UCSD'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 K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of The Preuss School UCSD's internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine The Preuss School UCSD's compliance with the state laws and regulations related to the following items:

PROGRAM NAME	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	Not Applicable
Kindergarten Continuance	Not Applicable
Charter Schools	
Attendance; for charter schools	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	Not Applicable

The term "Not Applicable" is used in the table on the previous page to mean either the Charter did not offer the program during the current fiscal year, the Charter did not participate in the program during the current fiscal year, or the program applies to a different type of local education agency.

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

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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Finding 2025-001. Our opinion on state compliance is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on The Preuss School UCSD's response to the noncompliance finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Preuss School UCSD's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 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 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, 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 K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
January 28, 2026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**THE PREUSS SCHOOL UCSD
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	No
Identification of major programs:	

AL Number(s)	Name of Federal Program or Cluster
84.010	Title I, Part A
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	No

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified?	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> ?	Yes
Type of auditors' report issued on compliance for state programs:	Unmodified

**THE PREUSS SCHOOL UCSD
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

<u>FIVE DIGIT CODE</u>	<u>AB 3627 FINDING TYPE</u>
20000	Inventory of Equipment
30000	Internal Control

There were no financial statement findings for the year ended June 30, 2025.

**THE PREUSS SCHOOL UCSD
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2025.

**THE PREUSS SCHOOL UCSD
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

<u>FIVE DIGIT CODE</u>	<u>AB 3627 FINDING TYPE</u>
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

FINDING 2025-001: UNDuplicated LOCAL CONTROL FUNDING FORMULA PUPIL COUNT (40000)

Criteria: California Education Code Section 42238.02(b)(4) requires local educational agencies (LEAs) to ensure the accuracy of pupil data submitted to the California Longitudinal Pupil Achievement Data System (CALPADS). Specifically, LEAs must revise and validate data related to English learners, and students eligible for free or reduced-price meals (FRPM) to ensure that Unduplicated Pupil Counts used for Local Control Funding Formula (LCFF) calculations are correct.

Condition: During audit testing, we selected a sample of twenty (20) students reported as eligible for FRPM on CALPADS Form 1.18 – FRPM/English Learner/Foster Youth – Student List. For one (1) of the twenty students sampled, the supporting documentation did not substantiate the reported FRPM eligibility status. Based on this exception, we extrapolated the error rate across the population of 194 students reported as FRPM-only, resulting in an estimated total of 10 students with unsupported eligibility status.

Effect: The Charter is not in compliance with state reporting requirements for the Unduplicated Pupil Count.

Cause: Student income information from a household data collection form was not accurately input into the student information system to correctly classify the student as ineligible for the FRPM status.

Questioned Cost: A fiscal penalty of \$7,272 as determined by using the penalty calculator provided by the CDE.

**THE PREUSS SCHOOL UCSD
STATE AWARD FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED JUNE 30, 2025**

**FINDING 2025-001: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNT (40000)
(continued)**

Questioned Cost (continued):

UPP Audit Adjustment	
Calculating the Cost of LCFF Unduplicated Pupil Count Audit Finding	Data Input and Calculated Fields
Total Adjusted Enrollment from the UPP exhibit as of P-2	2,513
Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-2	2,308
Audit Adjustment - Number of Enrollment	-
Audit Adjustment - Number of Unduplicated Pupil Count	(10)
Revised Adjusted Enrollment	2,513
Revised Adjusted Unduplicated Pupil Count	2,298
UPP calculated as of P-2	0.9184
Revised UPP for audit finding	0.9144
Charter Schools Only: Determinative School District Concentration Cap	0.6051
Revised UPP adjusted for Concentration Cap	0.6051
Supplemental and Concentration Grant 4-6 ADA	116.44
Supplemental and Concentration Grant 7-8 ADA	230.63
Supplemental and Concentration Grant 9-12 ADA	440.53
Adjusted Base Grant per 4-6 ADA	\$10,177
Adjusted Base Grant per 7-8 ADA	\$10,478
Adjusted Base Grant per 9-12 ADA	\$12,460
Supplemental Grant Funding calculated as of P-2	\$1,669,753
Revised Supplemental Grant Funding for audit finding	\$1,662,481
Supplemental Grant Funding audit adjustment	(\$7,272)
Concentration Grant Funding calculated as of P-2	\$325,578
Revised Concentration Grant Funding for audit finding	\$325,578
Concentration Grant Funding audit adjustment	\$0
Total Supplemental and Concentration audit adjustment	(\$7,272)

Recommendation: We recommend that documentation for all FRPM students be reviewed and maintained to ensure for proper reporting of CALPADS student data. Procedures may need revision to prevent any manual input errors.

Corrective Action Plan: The Charter concurs with the finding. Management has initiated a review of FRPM eligibility documentation for all FRPM-designated students to ensure accuracy and proper CALPADS reporting. Any discrepancies identified will be corrected prior to P1 recertification on January 23, 2026. To prevent recurrence, the Charter will revise FRPM eligibility and data entry procedures, provide refresher training to applicable staff, and implement periodic internal reviews. Management believes these actions will strengthen internal controls and ensure ongoing compliance.

**THE PREUSS SCHOOL UCSD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

FINDING 2024-001 – PROPOSITION 28 ARTS AND MUSIC IN SCHOOLS (40000)

Criteria: As a condition of apportionment for Proposition 28 Arts and Music in Schools funding, the local education agency must make a certification in compliance with Education Code (EC) Section 8820(g)(1) or have a waiver of the requirement issued by the California Department of Education (CDE) pursuant to EC Section 8820(h).

Condition: The Preuss School UCSD did not certify that all funds will be used to provide arts education programs pursuant to Education Code section 8220(g)(1).

Effect: The Charter is not in compliance with applicable State requirements.

Cause: Clerical oversight of new program and its requirements.

Questioned Costs: Proposition 28 allocation amount of \$152,472.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend the Charter request a waiver with CDE. In addition to filing the waiver for 2023-24, we recommend the Charter file any future certifications in a timely manner.

Corrective Action Plan: The Preuss School UCSD is not in compliance with applicable State requirements as it did not certify that all funds, \$152,472 for 2023-24, would be used to provide arts education programs, due to administrative oversight. The School will request a waiver with CDE and ensure that future certifications are completed in a timely manner; it is understood that the required certification will be included in the AMS portal for 2024-25. It is currently the School's plan to supplement existing Music and Arts programs with enrichment sessions utilizing classified and certificated staffing on a part-time basis

Current Status: Refer to attached letter



Education Audit Appeals Panel

770 L Street, Suite 1100

Sacramento, California 95814

(916) 445-7745 Fax (916) 445-7626

www.eaap.ca.gov

Joel Montero
Chairperson
designee of the Fiscal Crisis & Management Assistance Team

Cheryl McCormick
designee of the Director of Finance

Abel Guillen
designee of the Superintendent of Public Instruction

Rebecca Lee
Executive Officer

January 6, 2026

Dr. Helen Griffith, Superintendent
The Preuss School UC San Diego
University of California San Diego
9500 Gilman Drive, MC #0536
La Jolla, CA 92093-0536

Re: The Preuss School UC San Diego
EAAP Case No: 25-66

Dear Superintendent Griffith:

Following summary review of Finding 2024-001 in The Preuss School UC San Diego's audit for fiscal year 2023-24, I find the school in substantial compliance, as that term is defined in Education Code section 41344.1, with the legal requirement to which the finding pertains. I further find the required plan-of-correction mechanism set forth in several subdivisions of Education Code section 41020 has, with regard to Finding 2024-001, evidently served as a sufficient remedial measure.

Based on the foregoing, I waive the reimbursement that would otherwise be required for Finding 2024-001 (approximately \$152,472).

If you have further questions, please contact me at rebecca.lee@eaap.ca.gov.

Sincerely,

Rebecca M. Lee

Rebecca M. Lee
Executive Officer

cc: Jon Host, Chief Administrative Officer