Magnolia Public Schools

Finance, Audit, Risk, and Facilities (FARF) Committee Meeting

Date and Time

Thursday November 19, 2026 at 5:00 PM PST

Location

Home Office: 250 E. 1st Street, Suite 1500, Los Angeles, CA 90012

Notice

Access to the Board/Committee Meeting

Teleconferencing locations are provided at each Magnolia Science Academy school site:

- Magnolia Science Academy-1 (18238 Sherman Way, Reseda, CA 91335)
- Magnolia Science Academy-2 (17125 Victory Blvd, Van Nuys, CA 91406)
- Magnolia Science Academy-3 (1254 E Helmick St, Carson, CA 90746)
- Magnolia Science Academy-4 (11330 W Graham Place, Los Angeles, CA 90064)
- Magnolia Science Academy-5 (7111 Winnetka Ave, Winnetka, CA 91306)
- Magnolia Science Academy-6 (745 S. Wilton Ave, Los Angeles, CA 90005)
- Magnolia Science Academy-7 (18355 Roscoe Boulevard, Northridge, CA 91325)
- Magnolia Science Academy-8 (6411 Orchard Ave, Bell, CA 90201)
- Magnolia Science Academy-Santa Ana (2840 W 1st Street, Santa Ana, CA 92703)
- Magnolia Science Academy-San Diego (6525 Estrella Ave, San Diego, CA 92120)
- Magnolia Science Academy-Orange County Anaheim (412 W. Carl Karcher Way, Anaheim, CA 92801)

Any interested parties or community members from remote locations may attend the meeting at any Magnolia Science Academy school, or the addresses where Board Members are joining from.

Dialing information for this meeting is included below:

Dial in: 1-669-444-9171

Meeting ID: 978 5606 4990 - **Passcode:** 021250

Zoom: https://zoom.us/j/97856064990?pwd=MHhBZCtGT0xEMlZpNEZQZVJ3RDBPZz09

Accessibility
In compliance with the Americans with Disabilities Act (ADA) and upon request, Magnolia Public Schools may furnish reasonable auxiliary aids and services to qualified individuals with disabilities. Members of the public who need special accommodations or translation are strongly encouraged to contact Magnolia Public Schools at least 24 hours in advance of the Board meeting so assistance can be assured. Please contact MPS Home Office at 213-628-3634 or email board@magnoliapublicschools.org with such requests.

Any public records relating to an agenda item for an open session which are distributed to all, or a majority of all, of the Board Members shall be available for public inspection.

Public Comment Procedures
Magnolia Public Schools greatly values public comment during Board meetings. For members of the public who would like to speak, please fill out the Public Speaker Form which can be accessed at magnoliapublicschools.org, there will also be speaker cards to be filled out prior to the beginning of the meeting. By law, the Board is only allowed to discuss or take action on items listed on the agenda. The Board may, at its discretion, refer a matter to MPS staff or add the issue to a future board meeting date for discussion. Public speakers are limited to three (3) minutes and speakers with interpreters up to six (6) minutes.

Please note that the agenda presenting times for when that item will be discussed, or taken action on, is subject to change on the day of the Board meeting to accommodate public speaker times indicated above.

For any questions regarding this meeting please email board@magnoliapublicschools.org or call (213) 628-3634 ext. 21101.

Board Committee Members:
Mr. Serdar Orazov, Chair
Mr. Mekan Muhammedov
Ms. Diane Gonzalez
Dr. Umit Yapanel, Alternate Member

CEO & Superintendent:
Mr. Alfredo Rubalcava

Agenda

		Purpose	Presenter	Time
I.	**Opening Items**			**5:00 PM**
A.	Call the Meeting to Order			
B.	Record Attendance and Guests			1 m
C.	Approval of Agenda	Vote		1 m
D.	Public Comments			3 m
E.	Approval of Minutes from MPS Regular Finance, Audit, Risk, and Facilities (FARF) Committee Meeting - September 14, 2026	Approve Minutes		1 m
F.	Approval to Maintain the December 11, 2025 MPS Regular Finance Committee Meeting Minutes and September 12, 2024 MPS Regular Audit/Facilities Committee Meeting Minutes as Draft Records	Vote		1 m
II.	**Recommended Action Items**			**5:07 PM**
A.	Approval of the 2024-25 Magnolia Public Schools Audit Reissuance	Vote	Cafer Turan	45 m
III.	**Closing Items**			**5:52 PM**
A.	Adjourn Meeting	Vote		

Coversheet

Approval of Minutes from MPS Regular Finance, Audit, Risk, and Facilities (FARF) Committee Meeting - September 14, 2026

Section: I. Opening Items
Item: E. Approval of Minutes from MPS Regular Finance, Audit, Risk, and Facilities (FARF) Committee Meeting - September 14, 2026
Purpose: Approve Minutes
Submitted by:
Related Material:
Minutes for Finance, Audit, Risk, and Facilities (FARF) Committee Meeting on September 14, 2026

APPROVED

Magnolia Public Schools

Minutes

Finance, Audit, Risk, and Facilities (FARF) Committee Meeting

Date and Time
Monday September 14, 2026 at 5:00 PM

Location
Home Office: 250 E. 1st Street, Suite 1500, Los Angeles, CA 90012

Board Committee Members:

Mr. Serdar Orazov, Chair
Mr. Mekan Muhammedov
Ms. Diane Gonzalez
Dr. Umit Yapanel, Alternate Member

CEO & Superintendent:
Mr. Alfredo Rubalcava

Committee Members Present
M. Muhammedov, S. Orazov, U. Yapanel

Committee Members Absent
D. Gonzalez

I. Opening Items

A. Call the Meeting to Order

S. Orazov called a meeting of the Finance, Audit, Risk, and Facilities Committee Committee of Magnolia Public Schools to order on Monday Sep 14, 2026 at 5:11 PM.
Refer to the attendance information recorded above.
For minutes' purposes, Mr. Muhammedov arrived at 5:18 PM.
Dr. Yapanel served as the alternate for Ms. Gonzalez, who was not in attendance.

B. Record Attendance and Guests

C. Approval of Agenda

S. Orazov made a motion to amend the agenda to table items 1D & 1E, approval of minutes of the regular finance committee meeting, Dec. 11, 2025 and September 12, 2024, pending legal guidance, and table item 2B, it will be reviewed during the general MPS board meeting.
U. Yapanel seconded the motion.
Tabled items:
1D - Approval of Minutes from the MPS Regular Finance Committee Meeting - December 11, 2025.
1E - Approval of Minutes from the MPS Regular Audit/Facilities Committee Meeting - September 12, 2024.
2B - Approval of Revised Preliminary, Non-Binding Stifel Engagement and Authorization to Submit a California School Finance Authority (CSFA) Application for Potential 2026C / 2026D Financing
The committee **VOTED** unanimously to approve the motion.

Roll Call	
M. Muhammedov	Absent
S. Orazov	Aye
U. Yapanel	Aye
D. Gonzalez	Absent

D. Approval of Minutes from MPS Regular Finance Committee Meeting - December 11, 2025

This item was tabled during the approval of agenda.

E. Approval of Minutes from MPS Regular Audit/Facilities Committee Meeting - September 12, 2024

This item was tabled during the approval of agenda.

II. Recommended Action Items

A. Approval of 2025-26 Unaudited Actuals Report

C. Turan, Interim Chief Financial Officer, presented the 2025-26 Unaudited Actuals for all MPS school sites and MERF. He reviewed year-end financial results and key changes from the Second Interim projections, including improved LCFF revenue based on updated ADA and the recognition of Prop. 1D Charter School Facility Grant revenue for MSA-5. Excluding the MSA-5 adjustment, the organization's projected deficit improved from approximately $3.2 million at Second Interim to $1.9 million at year-end.
Committee members asked questions regarding non-cash expenses, the reasons for deficit spending at certain school sites, multi-year projections, and plans to improve the financial position of schools operating at a deficit. Staff provided clarification and discussed ongoing fiscal monitoring and stabilization efforts.
As follow up, staff will provide an update at a future meeting on one-time funding, including amounts used during 2025-26 and remaining funds carried forward into 2026-27.
S. Orazov made a motion to approve the 2025-26 Unaudited Actuals for all MPS school sites and MERF as presented and authorize management to submit the approved reports to the applicable authorizers and regulatory agencies.
M. Muhammedov seconded the motion.
The committee **VOTED** unanimously to approve the motion.

Roll Call

S. Orazov	Aye
M. Muhammedov	Aye
U. Yapanel	Aye
D. Gonzalez	Absent

B. Approval of Revised Preliminary, Non-Binding Stifel Engagement and Authorization to Submit a California School Finance Authority (CSFA) Application for Potential 2026C / 2026D Financing

This item was tabled during the approval of agenda. The item will be brought forward at the Regular Board Meeting for discussion and action.

C. Magnolia Public Schools (MPS) Annual Authorizer Oversight Reports

A. Rubalcava, Chief Executive Officer and Superintendent, presented an overview of MPS's annual authorizer oversight reports from Los Angeles Unified School District (LAUSD) and Los Angeles County Office of Education (LACOE), including governance, academic performance, fiscal operations, and organizational management. C. Turan, Interim Chief Financial Officer, reviewed the fiscal findings for the LAUSD-authorized schools and discussed corrective actions being taken to strengthen financial documentation, internal controls, and monitoring.
Committee members asked questions regarding fiscal findings, corrective actions, oversight ratings, and the steps being taken to address identified areas for improvement. Staff provided clarification and shared ongoing efforts, including additional training, improved documentation processes, and continued monitoring.

Staff will continue implementing corrective actions and will coordinate the newly required fiscal training for Board members. Academic performance updates will also be presented to the Academic Committee and Board following the release of updated data. This item was presented for information and discussion only; no Board action was required.

III. Closing Items

A. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 5:50 PM.

Respectfully Submitted,
S. Orazov

Coversheet

Approval of the 2024-25 Magnolia Public Schools Audit Reissuance

Section: II. Recommended Action Items
Item: A. Approval of the 2024-25 Magnolia Public Schools Audit Reissuance
Purpose: Vote
Submitted by:
Related Material:
FARF - II.A. Approval of 2024-25 MPS Annual Audit Report (Reissuance).pdf

Agenda Item:	II.A. Recommended Action Items
Date:	November 19, 2026
To:	Magnolia Educational & Research Foundation dba Magnolia Public Schools ("**MPS**") Finance, Audit, Risk and Facilities (FARF) Committee (the "**Committee**")
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead(s):	Cafer Turan, Interim Chief Financial Officer
RE:	Approval of 2024-25 Magnolia Public Schools Annual Audit Report (Reissuance)

Action Proposed for Board Recommendation:

Staff recommends and moves that the Finance, Audit, Risk and Facilities (FARF) Committee approve the finalized reissuance of the FY2024–25 Magnolia Public Schools Annual Audit Report. Furthermore, the Committee shall move that the Board adopt the same.

Purpose:

To present the finalized second reissuance of the FY2024–25 Annual Audit Report for the Committee's review and recommendation to the Board, and to clarify the restricted cash reclassification.

Background:

The Board approved the FY2024–25 Annual Audit Report on January 24, 2026. The first reissuance addressed MSA-5 Proposition 1D revenue recognition and a Santa Ana LLC note payable. The second reissuance, prepared in connection with financial reporting and bond disclosure requirements, primarily corrects the classification of cash held by MPS property LLCs, including Grant Anticipation Note (GAN)-related funds.

Analysis:

As of June 30, 2025, approximately $18.7 million was reclassified from consolidated cash and cash equivalents to restricted cash. Consolidated cash and cash equivalents decreased from

approximately $42.5 million to $23.8 million, while current restricted cash increased from approximately $2.0 million to $20.7 million. Total cash, including restricted cash, remains approximately $46.3 million. The reissuance also reclassifies approximately $2.2 million of June 30, 2024 cash to current restricted cash.

Impact:

This is a cash presentation correction at the property LLC and consolidated reporting levels, not a loss of cash or an operating expense. It does not change individual schools' operating results, consolidated total assets, liabilities, net assets, or the FY2024–25 bottom line. The auditor's opinion remains unmodified.

Budget Implications:

No new expenditure or change to the operating budget or operating results arises from this reclassification.

Exhibits:

Finalized FY2024–25 Annual Audit Report – Second Reissuance

Consolidated Financial Statements
June 30, 2025 and 2024

Magnolia Educational & Research Foundation

(Operating Magnolia Science Academy #0438,
Magnolia Science Academy 2 #0906,
Magnolia Science Academy 3 #0917,
Magnolia Science Academy 4 #0986,
Magnolia Science Academy 5 #0987,
Magnolia Science Academy 6 #0988,
Magnolia Science Academy 7 #0989,
Magnolia Science Academy Bell #1236,
Magnolia Science Academy Santa Ana #1686, and
Magnolia Science Academy San Diego #0698)



Eide Bailly

eidebailly.com

Magnolia Educational & Research Foundation

Table of Contents

June 30, 2025 and 2024

Independent Auditor's Report 1

Financial Statements

- Consolidated Statement of Financial Position (Restated) 5
- Consolidated Statement of Activities (Restated) 6
- Consolidated Statement of Functional Expenses 7
- Consolidated Statement of Cash Flows (Restated) 8
- Notes to Consolidated Financial Statements 10

Supplementary Information

- Consolidated Schedule of Expenditures of Federal Awards 32
- Schedule of Average Daily Attendance 33
- Schedule of Instructional Time 38
- Reconciliation of Annual Financial and Budget Report with Audited Financial Statements 43
- Consolidating Statement of Financial Position (Restated) 44
- Consolidating Statement of Activities (Restated) 48
- Foundation Only Comparative Statement of Financial Position 52
- Foundation Only Comparative Statement of Activities 53
- Debt Covenants 54
- Consolidating Schedule of Property and Equipment 55
- Notes to Supplementary Information 56

Other Information

- Local Education Agency Organization Structure (Unaudited) 58

Independent Auditor's Reports

Independent Auditor's 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 (Reissued)* 59

Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance 61

Independent Auditor's Report on State Compliance and on Internal Control Over Compliance 64

Schedule of Findings and Questioned Costs

- Summary of Auditor's Results 69
- Financial Statement Findings 70
- Federal Awards Findings and Questioned Costs 73
- State Compliance Findings and Questioned Costs 74
- Summary Schedule of Prior Audit Findings 76

Independent Auditor's Report

Governing Board
Magnolia Educational & Research Foundation
Los Angeles, California

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Magnolia Educational & Research Foundation (the Organization) (a California Nonprofit Public Benefit Corporation), which comprise the consolidated statement of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Magnolia Educational & Research Foundation as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Restatement and Reissuance

As discussed in Note 13, subsequent to the issuance of the Organization's June 30, 2025 and 2024 financial statements and our report thereon dated January 15, 2026, we became aware that those financial statements were misstated due to errors in amounts reported for cash and cash equivalents, restricted cash, property and equipment, proposition construction loan, and improper inclusion of a note payable in the originally issued statements. In our original report we expressed an unmodified opinion on the 2025 and 2024 financial statements, and our opinion on the revised statements, as expressed herein, remains unmodified.

eidebailly.com
901 Via Piemonte, Ste. 450 • Ontario, CA 91764-8504 • T 909.466.4410 • F 909.466.4431 • EOE
Powered by BoardOnTrack

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information such as the consolidated 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* and other supplementary information on pages 32-57 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidated Schedule of Expenditures of Federal Awards and other supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Information

Management is responsible for the other information included in the consolidated financial statements. The other information comprises the Local Education Agency Organization Structure but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Report on Comparative Information

We have previously audited 2024 consolidated financial statements of the Organization, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 13, 2024. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2026 on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

Eide Bailly LLP

Ontario, California
January 15, 2026, except for Notes 1, 2, 4, 5, 9, and 13 for which the date is October 21, 2026

Magnolia Educational & Research Foundation

Consolidated Statement of Financial Position (Restated)

June 30, 2025 and 2024

	2025 as Restated	2024 as Restated
Assets		
Current assets		
Cash and cash equivalents	$ 23,753,619	$ 43,849,745
Restricted cash	20,696,541	2,210,530
Receivables	10,555,437	11,173,689
Prepaid expenses	566,747	581,649
Total current assets	55,572,344	57,815,613
Non-current assets		
Investments	11,613,448	-
Security deposit	10,000	10,000
Other assets	2,173,631	100,000
Restricted cash	1,843,845	2,320,183
Property and equipment	98,464,553	81,760,560
Operating lease right-of-use asset	632,435	405,650
Finance lease right-of-use asset	743,479	1,769,803
Total non-current assets	115,481,391	86,366,196
Total assets	$ 171,053,735	$ 144,181,809
Liabilities		
Current liabilities		
Accounts payable	$ 8,560,678	$ 10,508,635
Accrued compensated absences	495,020	485,766
Interest payable	415,298	-
Refundable advance	8,198,941	7,950,047
Current portion of notes payable	8,151,363	2,524
Current portion of bonds payable	-	800,000
Current portion of operating lease liability	175,064	407,642
Current portion of finance lease liability	341,658	313,018
Current portion of proposition construction loan	256,931	251,869
Total current liabilities	26,594,953	20,719,501
Long-term liabilities		
Notes payable, less current portion	13,686,392	25,608,915
Bonds payable, less current portion and net of unamortized bond issuance costs	27,105,075	25,638,241
Grant anticipation notes payable, less current portion and net of unamortized note issuance costs	29,257,982	-
Operating lease liability, less current portion	480,094	652,296
Finance lease liability, less current portion	429,260	728,275
Proposition construction loan, less current portion	13,482,985	8,799,916
Total long-term liabilities	84,441,788	61,427,643
Total liabilities	111,036,741	82,147,144
Net Assets		
Without donor restrictions	60,016,994	62,034,665
Total liabilities and net assets	$ 171,053,735	$ 144,181,809

See Notes to Financial Statements

Powered by BoardOnTrack

Magnolia Educational & Research Foundation

Consolidated Statement of Activities (Restated)

Years Ended June 30, 2025 and 2024

	2025 as Restated Without Donor Restrictions	2024 as Restated Without Donor Restrictions
Support and Revenues		
Local Control Funding Formula	$ 51,795,019	$ 50,201,138
Federal revenue	4,096,671	4,737,585
Other state revenue	23,791,585	20,592,755
Local revenues	2,865,997	4,570,458
Interest income	103,467	65,249
Fundraising revenue	272,216	285,284
Total support and revenues	82,924,955	80,452,469
Expenses		
Program services	59,873,948	53,688,373
Management and general	25,068,678	22,255,815
Total expenses	84,942,626	75,944,188
Change in Net Assets	(2,017,671)	4,508,281
Net Assets, Beginning of Year	62,034,665	57,526,384
Net Assets, End of Year	$ 60,016,994	$ 62,034,665

See Notes to Financial Statements

Powered by BoardOnTrack

Magnolia Educational & Research Foundation

Consolidated Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services	Management and General	Total Expenses
Salaries	$ 26,253,362	$ 14,420,860	$ 40,674,222
Employee benefits	5,774,699	120,376	5,895,075
Payroll taxes	7,637,780	2,869,795	10,507,575
Fees for services	-	3,433,144	3,433,144
Advertising and promotions	-	430,891	430,891
Office expenses	483,980	601,100	1,085,080
Information technology	537,360	-	537,360
Occupancy	489,554	1,061,893	1,551,447
Travel	-	203,550	203,550
Conferences and meeting	-	9,974	9,974
Interest	6,997,759	-	6,997,759
Depreciation and amortization	3,473,305	-	3,473,305
Amortization of right-of-use asset	325,132	-	325,132
Insurance	-	794,648	794,648
Other expenses	3,168,980	1,122,447	4,291,427
Capital outlay	911,095	-	911,095
Special education	1,842,896	-	1,842,896
Instructional materials	1,007,173	-	1,007,173
Nutrition	454,820	-	454,820
District oversight fees	516,053	-	516,053
Total functional expenses	$ 59,873,948	$ 25,068,678	$ 84,942,626

See Notes to Financial Statements

Powered by BoardOnTrack

Magnolia Educational & Research Foundation

Consolidated Statement of Cash Flows (Restated)

Years Ended June 30, 2025 and 2024

	2025 as Restated	2024 as Restated
Operating Activities		
Change in net assets	$ (2,017,671)	$ 4,508,281
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation and amortization expense	3,473,305	2,526,379
Unrealized gain (loss) on investments	(25,438)	-
Finance lease amortization	325,132	346,683
Interest expense attributable to the amortization of bond issuance costs	921	38,893
Interest expense attributable to the amortization of grant anticipation notes issuance costs	113,414	-
Gain (loss) on disposal of property and equipment	181,270	-
Gain (loss) on extinguishment of debt	(1,221,729)	-
Changes in operating assets and liabilities		
Receivables	618,252	7,599,865
Prepaid expenses	14,902	(232,204)
Other assets	(2,073,631)	-
Accounts payable	(1,947,957)	(1,884,914)
Accrued compensated absences	9,254	11,978
Interest payable	415,298	-
Refundable advance	248,894	(2,516,168)
Operating lease assets and liabilities	(631,565)	180,897
Net Cash from (used for) Operating Activities	(2,517,349)	10,579,690
Investing Activities		
Purchases of property and equipment	(18,811,839)	(4,190,667)
Proceeds from the sale of property and equipment	-	162,772
Purchases of investments	(11,638,886)	-
Net Cash used for Investing Activities	(30,450,725)	(4,027,895)

See Notes to Financial Statements

Powered by BoardOnTrack

Magnolia Educational & Research Foundation

Consolidated Statement of Cash Flows (Restated)

Years Ended June 30, 2025 and 2024

	2025 as Restated	2024 as Restated
Financing Activities		
Proceeds from issuance of notes	$ 9,825,000	$ -
Proceeds from issuance of bonds	27,960,000	-
Proceeds from issuance of grant anticipation notes	29,500,000	-
Proceeds from proposition construction loan	4,940,000	1,976,367
Principal payments on notes	(82,947)	-
Principal payments on bonds	(800,000)	(720,000)
Principal payments on finance leases	(42,680)	(1,016,004)
Principal payments on proposition construction loan	(251,869)	(246,903)
Payment to escrow agent for refunding debt and related issuance costs	(25,638,241)	-
Payment to escrow agent to retire notes	(13,515,737)	-
Bond issuance costs and discount	(855,846)	-
Grant anticipation notes issuance costs	(355,432)	-
Gain (loss) on sale and leaseback transaction	199,373	(1,997,262)
Net Cash from (used for) Financing Activities	30,881,621	(2,003,802)
Net Change in Cash, Cash Equivalents, and Restricted Cash	(2,086,453)	4,547,993
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	48,380,458	43,832,465
Cash, Cash Equivalents, and Restricted Cash, End of Year	$ 46,294,005	$ 48,380,458
Cash and cash equivalents	$ 23,753,619	$ 43,849,745
Cash restricted to notes payable reserve	2,000,000	-
Cash restricted to debt bbligations	377,956	1,576,361
Cash restricted to bond construction	18,345,348	634,169
Cash restricted to bond reserve	1,817,082	2,320,183
Total Cash, Cash Equivalents, and Restricted Cash	$ 46,294,005	$ 48,380,458
Supplemental Cash Flow Disclosure		
Cash paid during the year in interest	$ 6,997,759	$ 4,256,660
Supplemental Cash Flow of Financing Activity		
Lease liability arising from obtaining right-of-use assets	$ 50,316	$ 96,609

See Notes to Financial Statements

Powered by BoardOnTrack

Note 1 - Principal Activity and Significant Accounting Policies (as Restated)

Organization

Magnolia Educational & Research Foundation (the Organization) is a California not-for-profit organization. During the fiscal year ended June 30, 2025, the Organization operated ten charter schools currently serving approximately 3,794 students in grades kindergarten through twelve throughout California. The Organization is dedicated to inspiring students to choose career paths in science, technology, engineering, and math (STEM), while providing a robust, standards-based education program within a supportive culture of excellence.

To ensure students have the tools to succeed, the Organization offer the following programs, which are mostly free of charge:

- Academic programs
- Student support programs
- After school programs
- Parent involvement programs

The Organization operate under the approval of the California State Board of Education, Los Angeles County Office of Education, Los Angeles Unified School District and San Diego Unified School District. Each school receives public per-pupil funding from the State of California, in addition to grants from various government sources.

Magnolia Science Academy

Charter school number authorized by the State: 0438

Magnolia Science Academy (MSA) was approved by the State of California Department of Education in 2002, and is located in 18238 Sherman Way, Reseda, California, 91335. MSA opened on September 3, 2002, and currently serves approximately 746 students in grades six through twelve. MSA was granted an extension by Los Angeles County Office of Education through June 30, 2030. MSA receives public per-pupil funding to help support their operations and is economically dependent on Federal and State funding.

Magnolia Science Academy 2

Charter school number authorized by the State: 0906

Magnolia Science Academy 2 (MSA 2) was approved by the State of California Department of Education in 2007, and is located in 17125 Victory Boulevard, Van Nuys, California, 91406. MSA 2 opened on September 5, 2007, and currently serves approximately 514 students in grades six through twelve. MSA 2 was granted an extension by Los Angeles County Office of Education through June 30, 2030. MSA 2 receives public per-pupil funding to help support their operations and is economically dependent on Federal and State funding.

Magnolia Science Academy 3

Charter school number authorized by the State: 0917

Magnolia Science Academy 3 (MSA 3) was approved by the State of California Department of Education in 2007, and is located in 1254 East Helmick Street, Carson, California, 90746. MSA 3 opened on September 5, 2007, and currently serves approximately 411 students in grades six through twelve. MSA 3 was granted an extension by Los Angeles County Office of Education through June 30, 2030. MSA 3 receives public per-pupil funding to help support their operations and is economically dependent on Federal and State funding.

Magnolia Science Academy 4

Charter school number authorized by the State: 0986

Magnolia Science Academy 4 (MSA 4) was approved by the State of California Department of Education in 2008, and is located in 11330 West Graham Place, B-9, Los Angeles, California, 90064. MSA 4 opened on September 3, 2008, and currently serves approximately 132 students in grades sixth through twelve. MSA 4 was granted an extension by Los Angeles Unified School District through June 30, 2026. MSA 4 receives public per-pupil funding to help support their operations and is economically dependent on Federal and State funding.

Magnolia Science Academy 5

Charter school number authorized by the State: 0987

Magnolia Science Academy 5 (MSA 5) was approved by the State of California Department of Education in 2008, and is located in 18238 Sherman Way, Reseda, California, 91335. MSA 5 opened on September 3, 2008, and currently serves approximately 218 students in grades six through twelve. MSA 5 was granted an extension by Los Angeles County Office of Education through June 30, 2026. MSA 5 receives public per-pupil funding to help support their operations and is economically dependent on Federal and State funding.

Magnolia Science Academy 6

Charter school number authorized by the State: 0988

Magnolia Science Academy 6 (MSA 6) was approved by the State of California Department of Education in 2009, and is located in 745 South Wilton Place, Los Angeles, California, 90005. MSA 6 opened on September 9, 2009, and currently serves approximately 128 students in grades six through eight. MSA 6 was granted an extension by Los Angeles Unified School District through June 30, 2026. MSA 6 receives public per-pupil funding to help support their operations and is economically dependent on Federal and State funding.

Magnolia Science Academy 7

Charter school number authorized by the State: 0989

Magnolia Science Academy 7 (MSA 7) was approved by the State of California Department of Education in 2010, and is located in 18355 Roscoe Boulevard, Northridge, California, 91325. MSA 7 opened on September 13, 2010, and currently serves approximately 272 students in grades kindergarten through five. MSA 7 was granted an extension by Los Angeles Unified School District through June 30, 2026. MSA 7 receives public per-pupil funding to help support their operations and is economically dependent on Federal and State funding.

Magnolia Science Academy Bell

Charter school number authorized by the State: 1236

Magnolia Science Academy Bell (MSA Bell) was approved by the State of California Department of Education in 2010, and is located in 6411 Orchard Avenue, Bell, California, 90201. MSA Bell opened on September 10, 2010, and currently serves approximately 385 students in grades six through eight. MSA Bell was granted an extension by Los Angeles Unified School District through June 30, 2027. MSA Bell receives public per-pupil funding to help support their operations and is economically dependent on Federal and State funding.

Magnolia Science Academy Santa Ana

Charter school number authorized by the State: 1686

Magnolia Science Academy Santa Ana (MSA Santa Ana) was approved by the State of California Department of Education in 2014, and is located in 2840 West 1st Street, Santa Ana, 92703, California. MSA Santa Ana opened on August 1, 2014 and currently serves approximately 524 students in grades kindergarten through twelve. MSA Santa Ana was granted an extension by California Department of Education through June 30, 2026. MSA Santa Ana receives public per-pupil funding to help support their operations and is economically dependent on Federal and State funding.

Magnolia Science Academy San Diego

Charter school number authorized by the State: 0698

Magnolia Science Academy San Diego (MSA San Diego) was approved by the State of California Department of Education in 2005, and is located in 6525 Estrella Avenue, San Diego, 92120, California. MSA San Diego opened on September 6, 2005 and currently serves approximately 464 students in grades six through eight. MSA San Diego was granted an extension by San Diego Unified School District through June 30, 2027. MSA San Diego receives public per-pupil funding to help support their operations and is economically dependent on Federal and State funding.

Other Related Entity

Magnolia Properties Management, Inc. (MPM Inc.)

On January 12, 2012, MPM Inc., a separate 501(c)(3) nonprofit public benefit corporation, was formed for the primary purposes to facilitate the development of charter schools. Additional purposes are to lease, to own, manage and operate an educational institution, to provide charter school facilities and operational and other support to charter schools, to assist philanthropists and foundations in accelerating the growth of high quality charter schools, and to provide and otherwise obtain or assist in obtaining charter school financing. MPM Inc. was formed and is operated exclusively for the benefit of, to perform the functions of, and to carry out the purposes of the Organization.

MPM Sherman Way, LLC

The Organization formed the MPM Sherman Way, LLC exclusively for the acquisition of property and assets of the Organization, for charitable purposes as specified in Section 501(c)(3) of the Internal Revenue Service. The MSA makes lease payments to the LLC, in accordance with the lease agreement specifically for the MSA Reseda Project. Accordingly, the financial activities of the LLC have been included in the consolidated financial statements of the Organization. MPM Inc. is the sole member of the LLC.

MPM Santa Ana, LLC

The Organization formed the MPM Santa Ana, LLC exclusively for the acquisition of property and assets of the Organization, for charitable purposes as specified in Section 501(c)(3) of the Internal Revenue Service. MSA Santa Ana makes lease payments to the LLC, in accordance with the lease agreement specifically for the MSA Santa Ana Project. Accordingly, the financial activities of the LLC have been included in the consolidated financial statements of the Organization. MPM Inc. is the sole member of the LLC.

MPM San Diego, LLC

The Organization formed the MPM San Diego, LLC exclusively for the acquisition of property and assets of the Organization, for charitable purposes as specified in Section 501(c)(3) of the Internal Revenue Service. The MSA San Diego makes lease payments to the LLC, in accordance with the lease agreement specifically for the MSA San Diego Project. Accordingly, the financial activities of the LLC have been included in the consolidated financial statements of the Organization. MPM Inc. is the sole member of the LLC.

MPM Sherman Winnetka, LLC

The Organization formed the MPM Sherman Winnetka, LLC exclusively for the acquisition of property and assets of the Organization, for charitable purposes as specified in Section 501(c)(3) of the Internal Revenue Service. Accordingly, the financial activities of the LLC have been included in the consolidated financial statements of the Organization. MPM Inc. is the sole member of the LLC.

MPM 16600 Vanowen Street, LLC

The Organization formed the MPM 16600 Vanowen Street, LLC exclusively for the acquisition of property and assets of the Organization, for charitable purposes as specified in Section 501(c)(3) of the Internal Revenue Service. Accordingly, the financial activities of the LLC have been included in the consolidated financial statements of the Organization. MPM Inc. is the sole member of the LLC.

MPM Carl Karcher Way, LLC

The Organization formed the MPM Carl Karcher Way, LLC exclusively for the acquisition of property and assets of the Organization, for charitable purposes as specified in Section 501(c)(3) of the Internal Revenue Service. Accordingly, the financial activities of the LLC have been included in the consolidated financial statements of the Organization. The Organization is the sole member of the LLC.

Principles of Consolidation

The consolidated financial statements include the accounts of the Organization and the Subsidiaries, of which include MSA, MSA 2, MSA 3, MSA 4, MSA 5, MSA 6, MSA 7, MSA Bell, MSA Santa Ana, MSA San Diego, MPM, Inc., MPM Sherman Way, LLC, MPM Santa Ana, LLC, MPM San Diego, LLC, MPM Sherman Winnetka, LLC, MPM 16600 Vanowen Street, LLC, and MPM Carl Karcher Way, LLC . All significant intra-entity accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as the Organization.

Comparative Financial Information

The accompanying consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization’s audited consolidated financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Reclassification of Comparative Statements

Certain amounts in the prior period consolidated financial statements have been reclassified to conform to the presentation of the current period financial statements. These reclassifications had no effect on the previously reported net assets.

Basis of Accounting

The accompanying consolidated financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Net Assets

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

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

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization did not have net assets with donor restrictions for the year ended June 30, 2025.

Cash and Cash Equivalents

The Organization considers all cash including cash in County Investment Pool and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to bond reserve funds or other long-term purposes are excluded from this definition.

Restricted Cash (as Restated)

Restricted cash in the amount of $20,696,541 represents cash held in reserve related to the notes payable and bonds payable and is held as current to satisfy the notes payable obligation. Non-current restricted cash in the amount of $1,843,845 relates to the debt service reserve requirements related to the Charter School Revenue Bonds and bonds payable and is held as non-current to satisfy the long-term obligation.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2025, the Organization had approximately $46,485,160, in excess of FDIC-insured limits.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Net investment return/(loss) is reported in the consolidated statement of activities and consists of dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Receivables and Credit Policies

Receivables consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as the Organization deems all amounts to be fully collectible. Substantially all outstanding receivables as of June 30, 2025 are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year.

Intra-Entity Transactions

Intra-entity transactions results from a net cumulative difference between resources provided by the home office account to each charter school and reimbursement for those resources from each charter school to the home office account. Intra-entity transfers include certain costs of shared liabilities and shared assets between the Organization.

Capital Contribution

MSA invested $161,923 in a capital contribution to the MPM Sherman Way, LLC as an investment for the building improvement located at 18238 Sherman Way in the city of Reseda, CA 91335 for its campus location.

MSA Santa Ana invested $75,554 in a capital contribution to the MPM Santa Ana, LLC as an investment for the building improvement located at 2840 West 1st Street in the city of Santa Ana, CA 92703 for its campus location.

MSA San Diego invested $198,191 in a capital contribution to the MPM San Diego. LLC as an investment for the building improvement located at 6525 Estrella Avenue in the city of San Diego, CA 92120 for its campus location.

MSA 5 invested $2,492,803 in a capital contribution to Magnolia Property Management, Inc. as an investment for capital interest and financing costs related to the charter school grant anticipation notes.

Property and Equipment

Property and equipment additions over $5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2025.

Right-of-Use Leased Assets and Liabilities

Right-of-use leased assets and the related liabilities are recognized at the lease commencement date and represent the Organization's right-of-use an underlying asset and lease obligations for the lease term. Right-of-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-of-use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

Revenue and Revenue Recognition

Operating funds for the Organization are derived principally from state and federal sources. The Organization receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. Contributions are recognized when cash or notification of an entitlement is received.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position. At June 30, 2025 conditional contributions approximating $828,133, for which no amounts had been received in advance, have not been recognized in the accompanying consolidated financial statements.

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which is a reasonable approximation of the effective interest method. Debt issuance costs are included within bonds payable in the consolidated statement of financial position. Amortization of debt issuance costs is included in interest expense in the accompanying consolidated financial statements.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended June 30, 2025.

Functional Allocation of Expenses

The consolidated financial statements report categories of expenses that are attributed to program service activities or supporting services activities such as management and general activities and fundraising and development activities. The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates. The expenses that are allocated include salaries, employee benefits, payroll taxes, office expenses, occupancy, and other expenses, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code.

The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies supportive of the Organization's mission.

Note 2 - Liquidity and Availability (as Restated)

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2025 (as Restated)	2024 (as Restated)
Cash and cash equivalents	$ 23,753,619	$ 43,849,745
Receivables	10,555,437	11,173,689
Total	$ 34,309,056	$ 55,023,434

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Note 3 - Fair Value Measurements and Disclosures

The Organization has determined the fair value of certain assets in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset in the most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs. A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices (unadjusted) in active markets for identical assets that can be accessed at the reporting date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset and market corroborated inputs. Level 3 inputs are unobservable inputs related to the asset. In these situations, inputs are developed using the best information in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to an entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk, or liquidity profile of the asset.

A significant portion of investments are classified within Level 1 because they are comprised of mutual funds with readily determinable fair values based on daily redemption values. Certain certificates of deposit are considered invested and traded in the financial markets. Those certificates of deposit, fixed income securities and other securities are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2.

Net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, is used to estimate the fair values of certain hedge funds, private equity funds, fund of funds, and limited partnerships which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy but are included in the table below to permit reconciliation to the accompanying consolidated statement of financial position.

The following table presents assets and liabilities measured at fair value on a recurring basis, as identified in the following, at June 30, 2025:

	Inputs (Level 1)
Investments	
Municipal bonds	$ 11,613,448

Note 4 - Property and Equipment (As Restated)

Property and equipment consist of the following at June 30, 2025 and 2024:

	2025 (as Restated)	2024
Land	$ 31,887,570	$ 26,531,646
Leasehold improvements	8,759,624	5,406,453
Building	56,718,120	54,212,960
Computer and equipment	6,646,116	6,570,390
Work in progress	11,899,612	4,377,754
Total property and equipment	115,911,042	97,099,203
Less accumulated depreciation and amortization	(17,446,489)	(15,338,643)
Total	$ 98,464,553	$ 81,760,560

In connection with work in progress, the Organization capitalized interest in the amount of $266,811 and has entered into commitments for its construction projects. As of June 30, 2025, the Organization has $1,518,617 of costs to incur to complete commitments on its projects.

Note 5 - Notes Payable (As Restated)

Notes payable consist of the following at June 30, 2025:

Note payable, due in annual installments of $4,420 principal and interest at 2.00%, collateralized by the Magnolia Science Academy San Diego school facility with a carrying value of $98,502; maturing November 1, 2052.	$ 93,179
Note payable, due in full up to $27,000,000, principal and interest at 9.50%, maturing February 1, 2028, secured by property purchased, 16600 Vanowen Street, Van Nuys, California.	11,923,568
Note payable, due in full up to $7,825,000, principal and interest at 9.00%, maturing February 1, 2026, secured by property purchased, 18120 Sherman Way, Los Angeles, California.	7,825,000
Note payable, due in monthly installments of $11,991, principal and interest at 6.00%, collateralized by the property purchased, 412 Carl Karcher Way, Anaheim, California, with a carrying value of $2,000,000; maturing April 1, 2030.	1,996,008
Total	$ 21,837,755

Future maturities of notes payable are as follows:

Year Ending June 30,	Principal
2026	$ 8,081,196
2027	276,224
2028	11,478,133
2029	32,419
2030	1,890,009
Thereafter	79,774
Total	$ 21,837,755

Note 6 - Bonds Payable

Charter School Revenue Refunding Bonds, Series 2025A and 2025B
On April 17, 2025, the Organization issued $27,960,000 in uncollateralized Charter School Revenue Revenue Bonds. The bonds mature on July 1, 2055, with interest rate ranging from 4.25 to 5.00 percent. Unamortized bonds issuance costs are amortized an effective interest rate of 4.80 percent. Proceeds of the bonds will be used for based refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of certain public charter school facilities. The bonds require the Organization to comply with certain financial and non-financial covenants.

	$ 27,960,000
Discounts on Charter School Refunding Revenue Bonds, Series 2025A and 2025B	(125,417)
Bond issuance costs on Charter School Refunding Revenue Bonds, Series 2025A and 2025B	(729,508)
Total	$ 27,105,075

Future maturities of bonds payable are as follows:

Year Ending June 30,	Principal
2026	$ -
2027	445,000
2028	470,000
2029	490,000
2030	510,000
Thereafter	26,045,000
	27,960,000
Less unamortized debt issuance costs	(729,508)
Unamortized bond discount	(125,417)
Total	$ 27,105,075

Note 7 - Grant Anticipation Notes

Charter School Grant Anticipation Notes, Series 2025
On April 17, 2025, the Organization issued $29,500,000 in uncollateralized Charter School Grant Anticipaiton Notes. The notes mature on December 1, 2026, with interest rate of 4.40 percent. Unamortized notes issuance costs are amortized an effective interest rate of 4.40 percent. Proceeds of the notes will be used for on acquisition, construction renovation, improving, and equipping certain educational facilities. $ 29,500,000

Note issuance costs on Charter School Grant Anticipation Notes, Series 2025	(242,018)
Total	$ 29,257,982

Future maturities of grant anticipation notes are as follows:

Year Ending June 30,	Principal
2026	$ -
2027	29,500,000
	29,500,000
Less unamortized debt issuance costs	(242,018)
Total	$ 29,257,982

Note 8 - Leases

The Organization leases certain real property for the operations of the charter school and equipment at various terms under long-term non-cancelable operating lease and finance lease agreements. The leases expire at various dates through 2057 and provide for renewal options ranging from 1 year to 5 years. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options reasonably certain to be exercised. The Organization's operating lease provides for increases in future minimum annual rental payments. Additionally, the operating lease agreement requires the Organization to pay real estate taxes, insurance, and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, the Organization estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Organization's applicable borrowing rates and the contractual lease term.

The lease agreements also require the Organization to comply with certain covenants and to maintain certain financial ratios. As of June 30, 2025, the Organization was in compliance with all ratios and covenants.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The Organization elected the practical expedient to not separate lease and non-lease components for real property and equipment leases.

Total lease costs for the year ended June 30, 2025 were as follows:

	2025	2024
Operating lease cost	$ 446,878	$ 472,971
Finance lease cost	368,940	353,420
Interest expense	45,763	61,290
Amortization of right-of-use assets	325,132	307,789
Gain (loss) on sale and leaseback transaction	199,373	(1,997,262)

The following table summarizes the supplemental cash flow information for the year ended June 30, 2025:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 446,716	$ 449,973
Operating cash flows from finance leases	368,940	353,420
Financing cash flows from finance leases	330,442	330,855
Right-of-use assets obtained in exchange for lease liabilities		
Finance leases	$ 50,316	$ 96,609

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

	2025	2024
Weighted-average remaining lease term		
Operating leases	3.58 Years	4.66 Years
Finance leases	31.34 Years	27.58 Years
Weighted-average discount rate		
Operating leases	5.00%	4.95%
Finance leases	4.44%	4.95%

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of June 30, 2025:

	Operating	Finance
2026	$ 202,979	$ 371,053
2027	192,242	360,775
2028	195,014	57,547
2029	124,408	23,295
2030	-	1,567
Total lease payments	714,643	814,237
Less interest	(59,485)	(43,319)
Present value of lease liabilities	$ 655,158	$ 770,918

Note 9 - Proposition Construction Loans (As Restated)

MSA Santa Ana has been approved by the State of California's Charter School Facilities Program (CCSFP) for $17,413,956 for constructing a new facility, which will cost the same amount. The State will fund 50% of the total amount of $17,413,956; the State will fund 50% of the total project cost through a loan in the amount of $8,706,990 and the other 50% through a grant in the amount of $8,706,978. The loan has an annual interest rate of 2.00% and it matures 30 years after the completion of the project. The remaining balance as of June 30, 2025 was $6,823,549.

The future minimum payments are as follows:

Year Ending June 30,	Principal
2026	$ 256,931
2027	262,096
2028	267,364
2029	272,737
2030	278,220
Thereafter	5,486,201
Total	$ 6,823,549

MSA 5 has been approved by the State of California's Charter School Facilities Program (CCSFP) for $50,832,332 for constructing a new facility, which will cost the same amount. The State will fund 50% of the total amount of $50,832,332; the State will fund 50% of the total project cost through a loan in the amount of $25,416,166 and the other 50% through a grant in the amount of $25,416,166. The loan matures 30 years after the completion of the project. The balance as of June 30, 2025 was $6,916,367.

Note 10 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The Organization contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. If a participating employer stops contribution to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers as all plan assets are held by the plan and all benefit obligations are borne by the STRP.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: https://www.calstrs.com/forms-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The Organization contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2025, are summarized as follows:

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, the Organization, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the Organization's total contributions were $4,775,264.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. If a participating employer stops contribution to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers as all plan assets are held by the plan and all benefit obligations are borne by the STRP.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2025, are summarized as follows:

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	27.050%	27.050%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Organization is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the total Organization's contributions were $4,027,576.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Organization. These payments consist of State General Fund contributions to CalSTRS in the amount of $2,416,356 (10.828% of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Social Security

Public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) are covered by social security or an alternative plan. The Organization has elected to use the social security as its alternative plan.

Note 11 - Contingencies, Risks, and Uncertainties

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

The Organization applied for and received loan forgiveness from the SBA on its PPP loan of $5,461,600. In accordance PPP loan requirements, the Organization is required to maintain PPP loan files and certain underlying supporting documents for periods ranging from three to six years. The Organization is also required to permit access to such files upon request by the SBA. Accordingly, there is potential the PPP loan could be subject to further review by the SBA and that previously recognized forgiveness could be reversed based on the outcome of this review.

The Organization's credit filings remain open for potential examination by the Internal Revenue Service through the statute of limitations, which has varying expiration dates extending through 2027. Any disallowed claims resulting from such examinations could be subject to repayment to the federal government.

Note 12 - Subsequent Events

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through January 15, 2026, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

During 2025, the Organization was approved for an additional charter through Orange County Office of Education. Magnolia Science Academy – Orange County (Charter #2154) opened on August 11, 2025. The Magnolia Science Academy – Orange County is located at 412 West Carl Karcher Way, Anaheim, CA, and will serve grades kindergarten through 12.

During 2025, The Organization entered into an agreement to lease property located at 412 Carl Karcher Way, Anaheim, CA, 82801, for a commencement date starting July 1, 2025 and ending June 30, 2055.

Management has evaluated the financial impact of this expansion and determined that it does not affect the fiscal year ended June 30, 2025, but will be reflected in future periods. No adjustments to the current financial statements are necessary.

Note 13 - Reissuance and Restatement

Subsequent to the issuance of the Organization's financial statements, management became aware that notes payable were materially misstated for the years ended June 30, 2025 and 2024.

The following is a summary of the effects of the restatement in the Organization's June 30, 2024, Statement of Financial Position:

	As Previously Reported	Adjustment	As Restated
As of June 30, 2024			
Cash and cash equivalents	$ 46,060,275	$ (2,210,530)	$ 43,849,745
Restricted cash	-	2,210,530	2,210,530
Current portion of notes payable	122,107	(119,583)	2,524
Total current liabilities	20,839,084	(119,583)	20,719,501
Notes payable, less current portion	29,147,666	(3,538,751)	25,608,915
Total long-term liabilities	64,966,394	(3,538,751)	61,427,643
Total liabilities	85,805,478	(3,658,334)	82,147,144
Net assets - Without donor restrictions	58,376,331	3,658,334	62,034,665

The following is a summary of the effects of the restatement in the Organization's June 30, 2024, Statement of Activities:

	As Previously Reported	Adjustment	As Restated
As of June 30, 2024			
Local revenues	$ 4,686,292	$ (115,834)	$ 4,570,458
Total support and revenues	80,568,303	(115,834)	80,452,469
Change in net assets	4,624,115	(115,834)	4,508,281
Net assets, beginning of year	53,752,216	3,774,168	57,526,384
Net assets, end of year	58,376,331	3,658,334	62,034,665

The following is a summary of the effects of the restatement in the Organization's June 30, 2024, Statement of Cash Flows:

	As Previously Reported	Adjustment	As Restated
As of June 30, 2024			
Change in net assets	$ 4,624,115	$ (115,834)	$ 4,508,281
Net cash from (used for) operating activities	10,695,524	(115,834)	10,579,690
Principal payments on notes	(115,834)	115,834	-
Net cash from (used for) financing activities	(2,119,636)	115,834	(2,003,802)
Cash and cash equivalents	46,060,275	(2,210,530)	43,849,745
Cash restricted to debt obligations	-	1,576,361	1,576,361
Cash restricted to bond construction	-	634,169	634,169

The following is a summary of the effects of the reissuance in the Organization's June 30, 2025, Statement of Financial Position:

	As Previously Reported	Adjustment	As Restated
As of June 30, 2025			
Cash and cash equivalents	$ 42,476,923	$ (18,723,304)	$ 23,753,619
Restricted cash	2,000,000	18,696,541	20,696,541
Total current assets	55,599,107	(26,763)	55,572,344
Restricted cash	$ 1,817,082	$ 26,763	1,843,845
Property and equipment	101,347,701	(2,883,148)	98,464,553
Total non-current assets	118,337,776	(2,856,385)	115,481,391
Total assets	173,936,883	(2,883,148)	171,053,735
Current portion of notes payable	8,210,363	(59,000)	8,151,363
Total current liabilities	26,653,953	(59,000)	26,594,953
Notes payable, less current portion	17,167,394	(3,481,002)	13,686,392
Proposition construction loan, less current portion	14,924,559	(1,441,574)	13,482,985
Total long-term liabilities	89,364,364	(4,922,576)	84,441,788
Total liabilities	116,018,317	(4,981,576)	111,036,741
Net assets - Without donor restrictions	57,918,566	2,098,428	60,016,994
Total liabilities and net assets	173,936,883	(2,883,148)	171,053,735

The following is a summary of the effects of the reissuance in the Organization's June 30, 2025, Statement of Activities:

	As Previously Reported	Adjustment	As Restated
As of June 30, 2025			
Other state revenue	$ 25,233,159	$ (1,441,574)	$ 23,791,585
Local revenues	2,984,329	(118,332)	2,865,997
Total support and revenues	84,484,861	(1,559,906)	82,924,955
Change in net assets	(457,765)	(1,559,906)	(2,017,671)
Net assets, beginning of year	58,376,331	3,658,334	62,034,665
Net assets, end of year	57,918,566	2,098,428	60,016,994

The following is a summary of the effects of the reissuance in the Organization's June 30, 2025, Statement of Cash Flows:

	As Previously Reported	Adjustment	As Restated
As of June 30, 2025			
Change in net assets	$ (457,765)	$ (1,559,906)	$ (2,017,671)
Net cash from (used for) operating activities	(957,443)	(1,559,906)	(2,517,349)
Purchases of property and equipment	(21,694,987)	2,883,148	(18,811,839)
Net Cash used for Investing Activities	(33,333,873)	2,883,148	(30,450,725)
Proceeds from proposition contruction loan	6,381,574	(1,441,574)	4,940,000
Principal payments on notes	(201,279)	118,332	(82,947)
Net cash from (used for) financing activities	32,204,863	(1,323,242)	30,881,621
Cash and cash equivalents	42,476,923	(18,723,304)	23,753,619
Cash restricted to debt obligations	-	377,956	377,956
Cash restricted to bond construction	-	18,345,348	18,345,348

Supplementary Information
June 30, 2025

Magnolia Educational & Research Foundation

Magnolia Educational & Research Foundation

Consolidated Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Federal Communications Commission			
COVID-19 Emergency Connectivity Funds	32.009	[1]	$ 72,542
Total U.S. Federal Communications Commission			72,542
U.S. Department of Education			
Charter Schools	84.282M	[1]	1,267,698
Passed Through California Department of Education			
English Language Acquisition State Grants - ISP	84.365	15146	6,491
English Language Acquisition State Grants - LEP	84.365	14346	93,720
Subtotal			100,211
Title I, Part A	84.010	14329	1,332,915
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	157,211
Student Support and Academic Enrichment Program	84.424	15396	122,512
COVID-19 ESSER III State Reserve Summer Learning Program	84.425U	15652	319,399
COVID-19 ARP Homeless Children and Youth (ARP-HYC) Program	84.425W	15664	16,256
Subtotal			335,655
Special Education Cluster (IDEA)			
Passed Through El Dorado County SELPA			
Special Education Grants to States - Basic Local Assistance	84.027	13379	396,171
Special Education Grants to States - Early Intervening Services	84.027	10119	58,921
Passed Through Los Angeles Unified School District			
Special Education Grants to States - Basic Local Assistance	84.027	13379	220,513
Passed Through California Department of Education			
Special Education Grants to States - Mental Health Average Daily Attendance	84.027A	15197	32,322
Subtotal Special Education Cluster (IDEA)			707,927
Total U.S. Department of Education			4,096,671
Total Federal Financial Assistance			$ 4,096,671

[1] Direct Award

See Notes to Supplementary Information

Magnolia Educational & Research Foundation

Schedule of Average Daily Attendance
Year Ended June 30, 2025

Magnolia Science Academy

	Second Period Report	Annual Report
Regular ADA		
Sixth	119.12	118.47
Seventh and eighth	229.58	229.08
Ninth through twelfth	336.15	337.44
Total Regular ADA	684.85	684.99
Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	-	0.24
Total ADA	684.85	685.23
Classroom Based ADA		
Sixth	118.97	118.36
Seventh and eighth	229.46	228.99
Ninth through twelfth	335.43	336.91
Total Classroom Based ADA	683.86	684.26
Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	-	0.24
Total ADA	683.86	684.50

Magnolia Science Academy 2

	Second Period Report	Annual Report
Regular ADA		
Sixth	98.20	98.01
Seventh and eighth	192.45	192.84
Ninth through twelfth	188.59	187.68
Total Regular ADA	479.24	478.53
Classroom Based ADA		
Sixth	97.84	97.54
Seventh and eighth	191.74	192.26
Ninth through twelfth	187.99	187.13
Total Classroom Based ADA	477.57	476.93

See Notes to Supplementary Information

Powered by BoardOnTrack

Magnolia Educational & Research Foundation

Schedule of Average Daily Attendance
Year Ended June 30, 2025

Magnolia Science Academy 3

	Second Period Report	Annual Report
Regular ADA		
Sixth	52.48	52.45
Seventh and eighth	108.15	107.70
Ninth through twelfth	212.75	212.70
Total Regular ADA	373.38	372.85
Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	0.86	0.85
Total Regular ADA	374.24	373.70
Classroom Based ADA		
Sixth	52.48	52.45
Seventh and eighth	108.15	107.70
Ninth through twelfth	212.75	212.70
Total Regular ADA	373.38	372.85
Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	0.86	0.85
Total Classroom Based ADA	374.24	373.70

Magnolia Science Academy 4

	Second Period Report	Annual Report
Regular ADA		
Sixth	7.77	8.04
Seventh and eighth	25.10	25.06
Ninth through twelfth	90.78	90.31
Total Regular ADA	123.65	123.41
Classroom Based ADA		
Sixth	7.67	7.96
Seventh and eighth	24.77	24.69
Ninth through twelfth	86.09	85.49
Total Classroom Based ADA	118.53	118.14

See Notes to Supplementary Information

Powered by BoardOnTrack

Magnolia Educational & Research Foundation

Schedule of Average Daily Attendance
Year Ended June 30, 2025

Magnolia Science Academy 5

	Second Period Report	Annual Report
Regular ADA		
Sixth	38.39	38.61
Seventh and eighth	51.49	50.83
Ninth through twelfth	105.56	103.66
Total Regular ADA	195.44	193.10
Classroom Based ADA		
Sixth	38.39	38.57
Seventh and eighth	51.49	50.83
Ninth through twelfth	105.24	103.43
Total Classroom Based ADA	195.12	192.83

Magnolia Science Academy 6

	Second Period Report	Annual Report
Regular ADA		
Sixth	42.46	42.35
Seventh and eighth	79.81	79.41
Total Regular ADA	122.27	121.76
Classroom Based ADA		
Sixth	42.34	42.15
Seventh and eighth	79.64	79.28
Total Classroom Based ADA	121.98	121.43

See Notes to Supplementary Information

Powered by BoardOnTrack

Magnolia Educational & Research Foundation

Schedule of Average Daily Attendance
Year Ended June 30, 2025

Magnolia Science Academy 7

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	152.05	150.84
Fourth through fifth	97.32	96.47
Total regular ADA	249.37	247.31
Classroom Based ADA		
Transitional kindergarten through third	151.17	149.97
Fourth through fifth	97.26	96.42
Total classroom based ADA	248.43	246.39

Magnolia Science Academy Bell

	Second Period Report	Annual Report
Regular ADA		
Sixth	82.34	82.78
Seventh and eighth	270.90	267.86
Total Regular ADA	353.24	350.64
Classroom Based ADA		
Sixth	82.34	82.78
Seventh and eighth	270.86	267.83
Total Classroom Based ADA	353.20	350.61

See Notes to Supplementary Information

Powered by BoardOnTrack

Magnolia Educational & Research Foundation

Schedule of Average Daily Attendance
Year Ended June 30, 2025

Magnolia Science Academy Santa Ana

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	117.09	116.95
Fourth through sixth	117.44	117.02
Seventh and eighth	84.27	83.97
Ninth through twelfth	177.58	176.90
Total Regular ADA	496.38	494.84
Classroom Based ADA		
Transitional kindergarten through third	116.26	116.17
Fourth through sixth	117.10	116.77
Seventh and eighth	84.00	83.71
Ninth through twelfth	177.18	176.51
Total Classroom Based ADA	494.54	493.16

Magnolia Science Academy San Diego

	Second Period Report	Annual Report	As Adjusted per Audit Annual Report
Regular ADA			
Sixth	153.26	152.52	152.52
Seventh and eighth	282.54	280.29	280.29
Total Regular ADA	435.80	432.81	432.81
Classroom Based ADA			
Sixth	153.01	152.52	152.14
Seventh and eighth	281.90	280.29	279.47
Total Classroom Based ADA	434.91	432.81	431.61

See Notes to Supplementary Information

Powered by BoardOnTrack

Magnolia Educational & Research Foundation

Schedule of Instructional Time

Year Ended June 30, 2025

Magnolia Science Academy

					Traditional Calendar			Multitrack Calendar			
Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Status
Grades 6 - 8	54,000										
Grade 6		64,628	788	65,416	178	2	180	-	-	-	Complied
Grade 7		64,628	788	65,416	178	2	180	-	-	-	Complied
Grade 8		64,628	788	65,416	178	2	180	-	-	-	Complied
Grades 9 - 12	64,800										
Grade 9		64,628	788	65,416	178	2	180	-	-	-	Complied
Grade 10		64,628	788	65,416	178	2	180	-	-	-	Complied
Grade 11		64,628	788	65,416	178	2	180	-	-	-	Complied
Grade 12		64,628	788	65,416	178	2	180	-	-	-	Complied

* The Charter received an approved J-13A for 788 minutes and 2 days for grades 6-12.

Magnolia Science Academy 2

					Traditional Calendar			Multitrack Calendar			
Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Status
Grades 6 - 8	54,000										
Grade 6		64,165	790	64,955	177	2	179	-	-	-	Complied
Grade 7		64,165	790	64,955	177	2	179	-	-	-	Complied
Grade 8		64,165	790	64,955	177	2	179	-	-	-	Complied
Grades 9 - 12	64,800										
Grade 9		64,165	790	64,955	177	2	179	-	-	-	Complied
Grade 10		64,165	790	64,955	177	2	179	-	-	-	Complied
Grade 11		64,165	790	64,955	177	2	179	-	-	-	Complied
Grade 12		64,165	790	64,955	177	2	179	-	-	-	Complied

* The Charter received an approved J-13A for 790 minutes and 2 days for grades 6-12.

See Notes to Supplementary Information

Powered by BoardOnTrack

Magnolia Educational & Research Foundation

Schedule of Instructional Time

Year Ended June 30, 2025

Magnolia Science Academy 3

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Traditional Calendar: Number of Minutes Credited Form J-13A*	Traditional Calendar: Total Minutes Offered	Traditional Calendar: Number of Actual Days	Traditional Calendar: Number of Days Credited Form J-13A*	Traditional Calendar: Total Days Offered	Multitrack Calendar: Number of Actual Days	Multitrack Calendar: Number of Days Credited Form J-13A	Multitrack Calendar: Total Days Offered	Status
Grades 6 - 8	54,000										
Grade 6		64,428	780	65,208	178	2	180	-	-	-	Complied
Grade 7		64,428	780	65,208	178	2	180	-	-	-	Complied
Grade 8		64,428	780	65,208	178	2	180	-	-	-	Complied
Grades 9 - 12	64,800										
Grade 9		64,428	780	65,208	178	2	180	-	-	-	Complied
Grade 10		64,428	780	65,208	178	2	180	-	-	-	Complied
Grade 11		64,428	780	65,208	178	2	180	-	-	-	Complied
Grade 12		64,428	780	65,208	178	2	180	-	-	-	Complied

* The Charter received an approved J-13A for 780 minutes and 2 days for grades 6-12.

Magnolia Science Academy 4

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Traditional Calendar: Number of Minutes Credited Form J-13A*	Traditional Calendar: Total Minutes Offered	Traditional Calendar: Number of Actual Days	Traditional Calendar: Number of Days Credited Form J-13A*	Traditional Calendar: Total Days Offered	Multitrack Calendar: Number of Actual Days	Multitrack Calendar: Number of Days Credited Form J-13A	Multitrack Calendar: Total Days Offered	Status
Grades 6 - 8	54,000										
Grade 6		62,291	740	63,031	178	2	180	-	-	-	Complied
Grade 7		62,291	740	63,031	178	2	180	-	-	-	Complied
Grade 8		62,291	740	63,031	178	2	180	-	-	-	Complied
Grades 9 - 12	64,800										
Grade 9		64,451	772	65,223	178	2	180	-	-	-	Complied
Grade 10		64,451	772	65,223	178	2	180	-	-	-	Complied
Grade 11		64,451	772	65,223	178	2	180	-	-	-	Complied
Grade 12		64,451	772	65,223	178	2	180	-	-	-	Complied

* The Charter received an approved J-13A for 740 minutes and 2 days for grades 6-8, 772 minutes and 2 days from grades 9-12.

See Notes to Supplementary Information

Powered by BoardOnTrack

Magnolia Educational & Research Foundation

Schedule of Instructional Time

Year Ended June 30, 2025

Magnolia Science Academy 5

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Traditional Calendar: Number of Minutes Credited Form J-13A*	Traditional Calendar: Total Minutes Offered	Traditional Calendar: Number of Actual Days	Traditional Calendar: Number of Days Credited Form J-13A*	Traditional Calendar: Total Days Offered	Multitrack Calendar: Number of Actual Days	Multitrack Calendar: Number of Days Credited Form J-13A	Multitrack Calendar: Total Days Offered	Status
Grades 6 - 8	54,000										
Grade 6		63,189	770	63,959	178	2	180	-	-	-	Complied
Grade 7		63,189	770	63,959	178	2	180	-	-	-	Complied
Grade 8		63,189	770	63,959	178	2	180	-	-	-	Complied
Grades 9 - 12	64,800										
Grade 9		64,479	790	65,269	178	2	180	-	-	-	Complied
Grade 10		64,479	790	65,269	178	2	180	-	-	-	Complied
Grade 11		64,479	790	65,269	178	2	180	-	-	-	Complied
Grade 12		64,479	790	65,269	178	2	180	-	-	-	Complied

* The Charter received an approved J-13A for 770 minutes and 2 days for grades 6-8, 790 minutes and 2 days from grades 9-12.

Magnolia Science Academy 6

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Traditional Calendar: Number of Minutes Credited Form J-13A*	Traditional Calendar: Total Minutes Offered	Traditional Calendar: Number of Actual Days	Traditional Calendar: Number of Days Credited Form J-13A*	Traditional Calendar: Total Days Offered	Multitrack Calendar: Number of Actual Days	Multitrack Calendar: Number of Days Credited Form J-13A	Multitrack Calendar: Total Days Offered	Status
Grades 6 - 8	54,000										
Grade 6		56,320	-	56,320	178	-	178	-	-	-	Complied
Grade 7		56,320	-	56,320	178	-	178	-	-	-	Complied
Grade 8		56,320	-	56,320	178	-	178	-	-	-	Complied

See Notes to Supplementary Information

Powered by BoardOnTrack

Magnolia Educational & Research Foundation

Schedule of Instructional Time

Year Ended June 30, 2025

Magnolia Science Academy 7

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Traditional Calendar: Number of Minutes Credited Form J-13A*	Traditional Calendar: Total Minutes Offered	Traditional Calendar: Number of Actual Days	Traditional Calendar: Number of Days Credited Form J-13A*	Traditional Calendar: Total Days Offered	Multitrack Calendar: Number of Actual Days	Multitrack Calendar: Number of Days Credited Form J-13A	Multitrack Calendar: Total Days Offered	Status
Kindergarten	36,000	53,930	650	54,580	178	2	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		53,930	650	54,580	178	2	180	-	-	-	Complied
Grade 2		53,930	650	54,580	178	2	180	-	-	-	Complied
Grade 3		53,930	650	54,580	178	2	180	-	-	-	Complied
Grades 4 - 5	54,000										
Grade 4		53,930	650	54,580	178	2	180	-	-	-	Complied
Grade 5		53,930	650	54,580	178	2	180	-	-	-	Complied

* The Charter received an approved J-13A for 650 minutes and 2 days for grades K-5.

Magnolia Science Academy Bell

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Traditional Calendar: Number of Minutes Credited Form J-13A	Traditional Calendar: Total Minutes Offered	Traditional Calendar: Number of Actual Days	Traditional Calendar: Number of Days Credited Form J-13A	Traditional Calendar: Total Days Offered	Multitrack Calendar: Number of Actual Days	Multitrack Calendar: Number of Days Credited Form J-13A	Multitrack Calendar: Total Days Offered	Status
Grades 6 - 8	54,000										
Grade 6		62,497	-	62,497	178	-	178	-	-	-	Complied
Grade 7		62,497	-	62,497	178	-	178	-	-	-	Complied
Grade 8		62,497	-	62,497	178	-	178	-	-	-	Complied

See Notes to Supplementary Information

Powered by BoardOnTrack

Magnolia Educational & Research Foundation

Schedule of Instructional Time

Year Ended June 30, 2025

Magnolia Science Academy Santa Ana

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar: Number of Actual Days	Traditional Calendar: Number of Days Credited Form J-13A	Traditional Calendar: Total Days Offered	Multitrack Calendar: Number of Actual Days	Multitrack Calendar: Number of Days Credited Form J-13A	Multitrack Calendar: Total Days Offered	Status
Kindergarten	36,000	53,845	-	53,845	180	-	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		53,845	-	53,845	180	-	180	-	-	-	Complied
Grade 2		53,845	-	53,845	180	-	180	-	-	-	Complied
Grade 3		53,845	-	53,845	180	-	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		54,335	-	54,335	180	-	180	-	-	-	Complied
Grade 5		54,335	-	54,335	180	-	180	-	-	-	Complied
Grade 6		65,328	-	65,328	180	-	180	-	-	-	Complied
Grade 7		65,328	-	65,328	180	-	180	-	-	-	Complied
Grade 8		65,328	-	65,328	180	-	180	-	-	-	Complied
Grades 9 - 12	64,800										
Grade 9		66,102	-	66,102	180	-	180	-	-	-	Complied
Grade 10		66,102	-	66,102	180	-	180	-	-	-	Complied
Grade 11		66,102	-	66,102	180	-	180	-	-	-	Complied
Grade 12		66,102	-	66,102	180	-	180	-	-	-	Complied

Magnolia Science Academy San Diego

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar: Number of Actual Days	Traditional Calendar: Number of Days Credited Form J-13A	Traditional Calendar: Total Days Offered	Multitrack Calendar: Number of Actual Days	Multitrack Calendar: Number of Days Credited Form J-13A	Multitrack Calendar: Total Days Offered	Status
Grades 6 - 8	54,000										
Grade 6		61,350	-	61,350	180	-	180	-	-	-	Complied
Grade 7		61,350	-	61,350	180	-	180	-	-	-	Complied
Grade 8		61,350	-	61,350	180	-	180	-	-	-	Complied

See Notes to Supplementary Information

Powered by BoardOnTrack

Magnolia Educational & Research Foundation

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

Year Ended June 30, 2025

Summarized below are the net asset reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	MSA 5	MSA 7
Net Assets		
Balance, June 30, 2025, Unaudited Actuals	$ 14,061,967	$ 3,447,230
Decrease in		
Property and equipment	(3,964,890)	(1,736,437)
Intra-entity payable	-	1,308,807
Proposition construction loan	1,441,574	-
Increase in		
Intra-entity receivable	1,081,742	427,630
Balance, June 30, 2025, Audited Financial Statements	$ 12,620,393	$ 3,447,230

See Notes to Supplementary Information

Powered by BoardOnTrack

Magnolia Educational & Research Foundation
Consolidating Statement of Financial Position (Restated)
June 30, 2025 and 2024

	Magnolia Educational & Research Foundation			
	Home Office	MSA	MSA 2	MSA 3
Assets				
Current assets				
Cash and cash equivalents	$ 1,686,295	$ 4,552,337	$ 2,087,201	$ 2,909,659
Restricted cash	2,000,000	-	-	-
Receivables	78,803	3,041,248	1,308,260	1,004,504
Current portion of sales-type lease receivable	-	-	-	-
Intra-entity receivable	2,008,674	557,429	321,161	76,493
Prepaid expenses	94,350	24,977	351,983	11,315
Total current assets	5,868,122	8,175,991	4,068,605	4,001,971
Non-current assets				
Investments	-	-	-	-
Security deposit	-	-	-	-
Other assets	2,173,631	-	-	-
Capital contribution	-	161,923	-	-
Restricted cash	-	-	-	-
Sales-type lease receivable, less current portion	-	-	-	-
Property and equipment	7,612,495	7,476,326	1,550,578	76,920
Operating lease right-of-use asset	616,234	-	3,172	-
Finance lease right-of-use asset	-	22,710,129	23,207,750	24,243
Total non-current assets	10,402,360	30,348,378	24,761,500	101,163
Total assets	$ 16,270,482	$ 38,524,369	$ 28,830,105	$ 4,103,134
Liabilities				
Current liabilities				
Accounts payable	$ 1,554,828	$ 1,538,154	$ 1,156,686	$ 647,740
Accrued compensated absences	-	74,098	63,172	51,242
Interest payable	307,131	-	-	-
Refundable advance	514,651	1,837,233	443,288	140,839
Intra-entity payable	4,988,545	511,516	465,679	159,904
Current portion of notes payable	7,825,000	-	-	-
Current portion of bonds payable	-	-	-	-
Current portion of operating lease liability	160,149	-	3,172	-
Current portion of finance lease liability	-	422,909	393,440	8,255
Current portion of proposition construction loan	-	-	-	-
Total current liabilities	15,350,304	4,383,910	2,525,437	1,007,980
Long-term liabilities				
Notes payable, less current portion	-	-	-	-
Bonds payable, less current portion and net of unamortized bond issuance costs and discount	-	-	-	-
Grant anticipation notes payable, less current portion and net of unamortized note issuance costs	-	-	-	-
Operating lease liability, less current portion	478,808	-	-	-
Finance lease liability, less current portion	-	21,770,857	20,511,660	15,988
Proposition construction loan, less current portion	-	-	-	-
Total long-term liabilities	478,808	21,770,857	20,511,660	15,988
Total liabilities	15,829,112	26,154,767	23,037,097	1,023,968
Net Assets				
Without donor restrictions	441,370	12,369,602	5,793,008	3,079,166
Total liabilities and net assets	$ 16,270,482	$ 38,524,369	$ 28,830,105	$ 4,103,134

See Notes to Supplementary Information

Powered by BoardOnTrack

Magnolia Educational & Research Foundation
Consolidating Statement of Financial Position (Restated)
June 30, 2025 and 2024

	Magnolia Educational & Research Foundation			
	MSA 4	MSA 5	MSA 6	MSA 7
Assets				
Current assets				
Cash and cash equivalents	$ 902,769	$ 656,745	$ 2,102,401	$ 2,350,229
Restricted cash	-	-	-	-
Receivables	482,683	600,149	269,322	569,942
Current portion of sales-type lease receivable	-	-	-	-
Intra-entity receivable	115,493	1,543,341	304,849	463,918
Prepaid expenses	4,038	5,688	3,383	34,822
Total current assets	1,504,983	2,805,923	2,679,955	3,418,911
Non-current assets				
Investments	-	-	-	-
Security deposit	-	-	10,000	-
Other assets	-	-	-	-
Capital contribution	-	2,492,803	-	-
Restricted cash	-	-	-	-
Sales-type lease receivable, less current portion	-	-	-	-
Property and equipment	3,737	15,925,440	309,545	1,070,944
Operating lease right-of-use asset	5,012	-	-	5,157
Finance lease right-of-use asset	6,197	6,197	11,419	615,765
Total non-current assets	14,946	18,424,440	330,964	1,691,866
Total assets	$ 1,519,929	$ 21,230,363	$ 3,010,919	$ 5,110,777
Liabilities				
Current liabilities				
Accounts payable	$ 347,053	$ 549,713	$ 241,891	$ 495,078
Accrued compensated absences	22,574	35,159	42,626	50,238
Interest payable	-	-	-	-
Refundable advance	-	570,001	24,941	366,207
Intra-entity payable	77,255	532,533	124,340	103,669
Current portion of notes payable	-	-	-	-
Current portion of bonds payable	-	-	-	-
Current portion of operating lease liability	3,726	-	-	5,157
Current portion of finance lease liability	1,579	1,579	2,710	294,106
Current portion of proposition construction loan	-	-	-	-
Total current liabilities	452,187	1,688,985	436,508	1,314,455
Long-term liabilities				
Notes payable, less current portion	-	-	-	-
Bonds payable, less current portion and net of unamortized bond issuance costs and discount	-	-	-	-
Grant anticipation notes payable, less current portion and net of unamortized note issuance costs	-	-	-	-
Operating lease liability, less current portion	1,286	-	-	-
Finance lease liability, less current portion	4,618	4,618	8,709	349,092
Proposition construction loan, less current portion	-	6,916,367	-	-
Total long-term liabilities	5,904	6,920,985	8,709	349,092
Total liabilities	458,091	8,609,970	445,217	1,663,547
Net Assets				
Without donor restrictions	1,061,838	12,620,393	2,565,702	3,447,230
Total liabilities and net assets	$ 1,519,929	$ 21,230,363	$ 3,010,919	$ 5,110,777

See Notes to Supplementary Information

Powered by BoardOnTrack

Magnolia Educational & Research Foundation
Consolidating Statement of Financial Position (Restated)
June 30, 2025 and 2024

	Magnolia Educational & Research Foundation			
	MSA Bell	MSA Santa Ana	MSA San Diego	MPM Carl Karcher Way LLC
Assets				
Current assets				
Cash and cash equivalents	$ 4,560,373	$ 877,538	$ 1,068,072	$ -
Restricted cash	-	-	-	-
Receivables	802,711	1,066,640	1,331,175	-
Current portion of sales-type lease receivable	-	-	-	-
Intra-entity receivable	2,830,089	361,385	95,677	-
Prepaid expenses	10,090	14,761	11,340	-
Total current assets	8,203,263	2,320,324	2,506,264	-
Non-current assets				
Investments	-	-	-	-
Security deposit	-	-	-	-
Other assets	-	-	-	-
Capital contribution	-	75,554	198,191	-
Restricted cash	-	-	-	-
Sales-type lease receivable, less current portion	-	-	-	-
Property and equipment	74,359	17,904,443	700,649	3,560,424
Operating lease right-of-use asset	-	2,860	-	-
Finance lease right-of-use asset	8,903	6,197	4,720,714	-
Total non-current assets	83,262	17,989,054	5,619,554	3,560,424
Total assets	$ 8,286,525	$ 20,309,378	$ 8,125,818	$ 3,560,424
Liabilities				
Current liabilities				
Accounts payable	$ 498,217	$ 830,432	$ 700,886	$ -
Accrued compensated absences	47,225	73,644	35,042	-
Interest payable	-	-	-	-
Refundable advance	90,970	179,285	654,020	1,560,424
Intra-entity payable	235,060	246,519	151,747	-
Current portion of notes payable	-	129,167	2,575	24,806
Current portion of bonds payable	-	-	-	-
Current portion of operating lease liability	-	2,860	-	-
Current portion of finance lease liability	3,360	1,579	94,034	-
Current portion of proposition construction loan	-	256,931	-	-
Total current liabilities	874,832	1,720,417	1,638,304	1,585,230
Long-term liabilities				
Notes payable, less current portion	-	3,410,835	90,604	1,971,202
Bonds payable, less current portion and net of unamortized bond issuance costs and discount	-	-	-	-
Grant anticipation notes payable, less current portion and net of unamortized note issuance costs	-	-	-	-
Operating lease liability, less current portion	-	-	-	-
Finance lease liability, less current portion	5,543	4,618	4,618,727	-
Proposition construction loan, less current portion	-	6,566,618	-	-
Total long-term liabilities	5,543	9,982,071	4,709,331	1,971,202
Total liabilities	880,375	11,702,488	6,347,635	3,556,432
Net Assets				
Without donor restrictions	7,406,150	8,606,890	1,778,183	3,992
Total liabilities and net assets	$ 8,286,525	$ 20,309,378	$ 8,125,818	$ 3,560,424

See Notes to Supplementary Information

Powered by BoardOnTrack

Magnolia Educational & Research Foundation

Consolidating Statement of Financial Position (Restated)

June 30, 2025 and 2024

	MPM, Inc. LLC as Restated	Eliminations as Restated	2025 as Restated Consolidated	2024 as Restated Consolidated
Assets				
Current assets				
Cash and cash equivalents	$ -	$ -	$ 23,753,619	$ 43,849,745
Restricted cash	18,696,541	-	20,696,541	2,210,530
Receivables	3,540,002	(3,540,002)	10,555,437	11,173,689
Current portion of sales-type lease receivable	881,893	(881,893)	-	-
Intra-entity receivable	-	(8,678,509)	-	-
Prepaid expenses	-	-	566,747	581,649
Total current assets	23,118,436	(13,100,404)	55,572,344	57,815,613
Non-current assets				
Investments	11,613,448	-	11,613,448	-
Security deposit	-	-	10,000	10,000
Other assets	-	-	2,173,631	100,000
Capital contribution	-	(2,928,471)	-	-
Restricted cash	1,843,845	-	1,843,845	2,320,183
Sales-type lease receivable, less current portion	46,865,170	(46,865,170)	-	-
Property and equipment	42,198,693	-	98,464,553	81,760,560
Operating lease right-of-use asset	-	-	632,435	405,650
Finance lease right-of-use asset	-	(50,574,035)	743,479	1,769,803
Total non-current assets	102,521,156	(100,367,676)	115,481,391	86,366,196
Total assets	$ 125,639,592	$ (113,468,080)	$ 171,053,735	$ 144,181,809
Liabilities				
Current liabilities				
Accounts payable	$ -	$ -	$ 8,560,678	$ 10,508,635
Accrued compensated absences	-	-	495,020	485,766
Interest payable	108,167	-	415,298	-
Refundable advance	1,817,082	-	8,198,941	7,950,047
Intra-entity payable	1,081,742	(8,678,509)	-	-
Current portion of notes payable	228,815	(59,000)	8,151,363	2,524
Current portion of bonds payable	-	-	-	800,000
Current portion of operating lease liability	-	-	175,064	407,642
Current portion of finance lease liability	-	(881,893)	341,658	313,018
Current portion of proposition construction loan	-	-	256,931	251,869
Total current liabilities	3,235,806	(9,619,402)	26,594,953	20,719,501
Long-term liabilities				
Notes payable, less current portion	11,694,753	(3,481,002)	13,686,392	25,608,915
Bonds payable, less current portion and net of unamortized bond issuance costs and discount	27,105,075	-	27,105,075	25,638,241
Grant anticipation notes payable, less current portion and net of unamortized note issuance costs	29,257,982	-	29,257,982	-
Operating lease liability, less current portion	-	-	480,094	652,296
Finance lease liability, less current portion	-	(46,865,170)	429,260	728,275
Proposition construction loan, less current portion	-	-	13,482,985	8,799,916
Total long-term liabilities	68,057,810	(50,346,172)	84,441,788	61,427,643
Total liabilities	71,293,616	(59,965,574)	111,036,741	82,147,144
Net Assets				
Without donor restrictions	54,345,976	(53,502,506)	60,016,994	62,034,665
Total liabilities and net assets	$ 125,639,592	$ (113,468,080)	$ 171,053,735	$ 144,181,809

See Notes to Supplementary Information

Powered by BoardOnTrack

Magnolia Educational & Research Foundation

Consolidating Statement of Activities (Restated)

Year Ended June 30, 2025 and 2024

	Magnolia Educational & Research Foundation			
	Home Office	MSA	MSA 2	MSA 3
	Without donor Restrictions	Without donor Restrictions	Without donor Restrictions	Without donor Restrictions
Support and Revenues				
Local Control Funding Formula	$ -	$ 10,797,700	$ 7,451,931	$ 5,405,272
Federal revenue	-	618,627	656,055	257,842
Other state revenue	1,624,724	3,635,113	2,302,238	1,557,972
Local revenues	5,662,224	1,943,383	126,469	48,447
Interest income	19,689	2,752	-	-
Rental income	-	-	-	-
Fundraising revenue	10,304	45,969	38,752	26,007
Total support and revenues	7,316,941	17,043,544	10,575,445	7,295,540
Expenses				
Program services	1,919,447	11,005,809	6,798,302	4,879,887
Management and general	8,032,378	4,918,008	3,111,311	2,631,943
Total expenses	9,951,825	15,923,817	9,909,613	7,511,830
Change in Net Assets before intra-entity transfers	(2,634,884)	1,119,727	665,832	(216,290)
Intra-Entity Transfers				
Transfer in	147,633	-	-	-
Transfer out	(23,982)	-	(625,960)	-
Change in Net Assets	(2,511,233)	1,119,727	39,872	(216,290)
Net Assets, Beginning of Year	2,952,603	11,249,875	5,753,136	3,295,456
Net Assets, End of Year	$ 441,370	$ 12,369,602	$ 5,793,008	$ 3,079,166

See Notes to Supplementary Information

Magnolia Educational & Research Foundation

Consolidating Statement of Activities (Restated)

Year Ended June 30, 2025 and 2024

	Magnolia Educational & Research Foundation			
	MSA 4	MSA 5	MSA 6	MSA 7
	Without donor Restrictions	Without donor Restrictions	Without donor Restrictions	Without donor Restrictions
Support and Revenues				
Local Control Funding Formula	$ 2,048,503	$ 3,113,168	$ 1,767,296	$ 3,730,622
Federal revenue	117,429	491,864	394,393	235,922
Other state revenue	452,769	6,161,855	573,941	2,172,397
Local revenues	151,583	79,953	153,788	265,750
Interest income	-	1,375	-	-
Rental income	-	-	-	-
Fundraising revenue	15,046	6,720	1,670	8,687
Total support and revenues	2,785,330	9,854,935	2,891,088	6,413,378
Expenses				
Program services	2,080,283	3,135,315	1,975,247	4,315,701
Management and general	965,330	1,731,839	1,016,670	1,979,383
Total expenses	3,045,613	4,867,154	2,991,917	6,295,084
Change in Net Assets before intra-entity transfers	(260,283)	4,987,781	(100,829)	118,294
Intra-Entity Transfers				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Change in Net Assets	(260,283)	4,987,781	(100,829)	118,294
Net Assets, Beginning of Year	1,322,121	7,632,612	2,666,531	3,328,936
Net Assets, End of Year	$ 1,061,838	$ 12,620,393	$ 2,565,702	$ 3,447,230

See Notes to Supplementary Information

Powered by BoardOnTrack

Magnolia Educational & Research Foundation

Consolidating Statement of Activities (Restated)

Year Ended June 30, 2025 and 2024

	Magnolia Educational & Research Foundation			
	MSA Bell	MSA Santa Ana	MSA San Diego	MPM Carl Karcher Way LLC
	Without donor Restrictions	Without donor Restrictions	Without donor Restrictions	Without donor Restrictions
Support and Revenues				
Local Control Funding Formula	$ 4,991,476	$ 7,631,122	$ 4,857,929	$ -
Federal revenue	281,579	537,363	505,597	-
Other state revenue	1,559,984	2,594,666	1,155,926	-
Local revenues	453,161	233,548	189,075	-
Interest income	28,667	27,295	23,689	-
Rental income	-	-	-	-
Fundraising revenue	6,522	60,955	51,584	-
Total support and revenues	7,321,389	11,084,949	6,783,800	-
Expenses				
Program services	4,593,613	8,614,754	4,825,530	19,990
Management and general	2,996,927	3,417,489	1,784,629	-
Total expenses	7,590,540	12,032,243	6,610,159	19,990
Change in Net Assets before intra-entity transfers	(269,151)	(947,294)	173,641	(19,990)
Intra-Entity Transfers				
Transfer in	-	-	-	23,982
Transfer out	-	-	-	-
Change in Net Assets	(269,151)	(947,294)	173,641	3,992
Net Assets, Beginning of Year	7,675,301	9,554,184	1,604,542	-
Net Assets, End of Year	$ 7,406,150	$ 8,606,890	$ 1,778,183	$ 3,992

See Notes to Supplementary Information

Magnolia Educational & Research Foundation

Consolidating Statement of Activities (Restated)

Year Ended June 30, 2025 and 2024

	MPM, Inc. LLC as Restated Without donor Restrictions	Eliminations as Restated	2025 as Restated Consolidated	2024 as Restated Consolidated
Support and Revenues				
Local Control Funding Formula	$ -	$ -	$ 51,795,019	$ 50,201,138
Federal revenue	-	-	4,096,671	4,737,585
Other state revenue	-	-	23,791,585	20,592,755
Local revenues	(2,188,462)	(4,252,922)	2,865,997	4,570,458
Interest income	-	-	103,467	65,249
Rental income	4,807,390	(4,807,390)	-	-
Fundraising revenue	-	-	272,216	285,284
Total support and revenues	2,618,928	(9,060,312)	82,924,955	80,452,469
Expenses				
Program services	6,961,192	(1,251,122)	59,873,948	53,688,373
Management and general	78,675	(7,595,904)	25,068,678	22,255,815
Total expenses	7,039,867	(8,847,026)	84,942,626	75,944,188
Change in Net Assets before intra-entity transfers	(4,420,939)	(213,286)	(2,017,671)	4,508,281
Intra-Entity Transfers				
Transfer in	625,960	(797,575)	-	-
Transfer out	(147,633)	797,575	-	-
Change in Net Assets	(3,942,612)	(213,286)	(2,017,671)	4,508,281
Net Assets, Beginning of Year	58,288,588	(53,289,220)	62,034,665	57,526,384
Net Assets, End of Year	$ 54,345,976	$ (53,502,506)	$ 60,016,994	$ 62,034,665

See Notes to Supplementary Information

Powered by BoardOnTrack

Magnolia Educational & Research Foundation

Foundation Only Comparative Statement of Financial Position

June 30, 2025 and 2024

	2025	2024
Assets		
Current assets		
Cash	$ 1,686,295	$ 3,037,906
Receivables	2,000,000	-
Receivables	78,803	24,951
Intra-entity receivable	2,008,674	997,815
Prepaid expenses	94,350	17,454
Total current assets	5,868,122	4,078,126
Non-current assets		
Other assets	2,173,631	100,000
Property and equipment	7,612,495	13,010
Operating lease right-of-use asset	616,234	763,518
Total non-current assets	10,402,360	876,528
Total assets	$ 16,270,482	$ 4,954,654
Liabilities		
Current liabilities		
Accounts payable	$ 1,554,828	$ 762,541
Interest payable	307,131	-
Refundable advance	514,651	-
Intra-entity payable	4,988,545	453,433
Current portion of notes payable	7,825,000	-
Current portion of operating lease liability	160,149	147,122
Total current liabilities	15,350,304	1,363,096
Long-term liabilities		
Operating lease liability, less current portion	478,808	638,957
Total liabilities	15,829,112	2,002,053
Net Assets		
Without donor restrictions	441,370	2,952,601
Total net assets	441,370	2,952,601
Total liabilities and net assets	$ 16,270,482	$ 4,954,654

See Notes to Supplementary Information

Powered by BoardOnTrack

Magnolia Educational & Research Foundation

Foundation Only Comparative Statement of Activities

Year Ended June 30, 2025 and 2024

	2025	2024
Support and Revenues		
Other state revenue	$ 1,624,724	$ 232,206
Local revenues	5,662,224	9,516,776
Interest income	19,689	-
Fundraising revenue	10,304	3,228
Total support and revenues	7,316,941	9,752,210
Expenses		
Program services	1,919,447	1,678,528
Management and general	8,032,378	6,534,767
Total expenses	9,951,825	8,213,295
Change in Net Assets before intra-entity transfers	(2,634,884)	1,538,915
Intra-entity transfers		
Transfer in	147,633	-
Transfer out	(23,982)	(2,149,373)
Change in Net Assets	(2,511,233)	(610,458)
Net Assets, Beginning of Year	2,952,603	3,563,059
Net Assets, End of Year	$ 441,370	$ 2,952,601

See Notes to Supplementary Information

Powered by BoardOnTrack

Magnolia Educational & Research Foundation

Debt Covenants

Year Ended June 30, 2025

On April 17, 2025, the Organization refunded $26,455,000 of bonds originally subject to debt service coverage covenants. The refunding resulted in an economic gain of $66,666 and eliminated prior covenant restrictions. The reacquisition price exceeded the net carrying amount of the old debt by $1,221,729, which was recognized as a loss on extinguishment.

Magnolia Educational & Research Foundation

Consolidating Schedule of Property and Equipment

Year Ended June 30, 2025

	Magnolia Educational & Research Foundation							
	Home Office	MSA	MSA 2	MSA 3	MSA 4	MSA 5	MSA 6	MSA 7
Land	$ 4,647,088	$ -	$ -	$ -	$ -	$ 11,783,522	$ -	$ -
Leasehold improvements	-	7,528,042	-	-	-	28,750	-	57,753
Building	-	648,676	10,061	-	-	-	-	840,557
Computer and equipment	134,513	906,154	954,493	710,540	304,072	430,937	263,305	228,173
Work in progress	2,952,912	-	1,515,720	-	-	4,111,567	306,777	412,277
Total property and equipment	7,734,513	9,082,872	2,480,274	710,540	304,072	16,354,776	570,082	1,538,760
Less accumulated depreciation	(122,018)	(1,606,546)	(929,696)	(633,620)	(300,335)	(429,336)	(260,537)	(467,816)
	$ 7,612,495	$ 7,476,326	$ 1,550,578	$ 76,920	$ 3,737	$ 15,925,440	$ 309,545	$ 1,070,944

	Magnolia Educational & Research Foundation				MPM Inc		
	MSA Bell	MSA Santa Ana	MSA San Diego	MPM Carl Karcher, LLC	LLC	2025 Consolidated	2024 Consolidated
Land	$ -	$ -	$ -	$ 890,106	$ 14,566,854	$ 31,887,570	$ 26,531,646
Leasehold improvements	-	461,651	683,428	-	-	8,759,624	5,406,453
Building	-	22,355,559	-	2,670,318	30,192,949	56,718,120	54,212,960
Computer and equipment	1,019,664	923,962	770,303	-	-	6,646,116	6,570,390
Work in progress	-	-	-	-	2,600,359	11,899,612	4,377,754
Total property and equipment	1,019,664	23,741,172	1,453,731	3,560,424	47,360,162	115,911,042	97,099,203
Less accumulated depreciation	(945,305)	(5,836,729)	(753,082)	-	(5,161,469)	(17,446,489)	(15,338,643)
	$ 74,359	$ 17,904,443	$ 700,649	$ 3,560,424	$ 42,198,693	$ 98,464,553	$ 81,760,560

See Notes to Supplementary Information

Powered by BoardOnTrack

Note 1 - Purpose of Supplementary Schedules

Consolidated Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying consolidated schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2025. The information 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). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The Organization has not elected to use the ten percent de minimis cost rate.

Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Organization. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at the Organization.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the Organization and whether the Organization complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

The Organization must maintain their instructional minutes at the 1986-87 requirements, as required by *California Education Code* Section 47612.5.

Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets reported on the unaudited actual financial report to the audited financial statements.

Consolidating Statement of Financial Position and Consolidating Statement of Activities

The consolidating statement of financial position and consolidating statement of activities report the activities of the Organization and related entities and are presented on the accrual basis of accounting. Eliminating entries in the consolidating statement of financial position and consolidating statement of activities are for activities between the Organization and related entities.

Foundation Only Comparative Statements

The accompanying foundation only comparative financial statements report the individual program of Magnolia Education & Research Foundation and are presented on the accrual basis of accounting.

Debt Covenants

Some of the Organization’s loan agreements are subject to covenant clauses, whereby the Organization is required to meet certain key financial ratios. This schedule provides information related to the debt covenant ratios and related information.

Consolidating Schedule of Property and Equipment

The accompanying consolidating schedule of property and equipment present the comparative balances for Organization and the Subsidiaries property and equipment.

Other Information
June 30, 2025
Magnolia Public Schools

Magnolia Educational & Research Foundation

Local Education Agency Organization Structure (Unaudited)

June 30, 2025

ORGANIZATION

The Organization operates ten schools in California. Each school is operated on the same tax identification number as the Organization. Charters were granted for each school for up to five years, with an opportunity for renewal. Charters may be revoked by the charter authorizer for material violations of the charter, failure to meet or make progress toward student outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law. As of June 30, 2025, the schools operated by the Organization were as follows:

Charter School Name	Charter Number	Sponsoring District	Charter Expiration	Grades Served	Students Served
Magnolia Science Academy	0438	Los Angeles County Office of Education	June 30, 2030	6 - 12	746
Magnolia Science Academy 2	0906	Los Angeles County Office of Education	June 30, 2030	6 - 12	514
Magnolia Science Academy 3	0917	Los Angeles County Office of Education	June 30, 2030	6 - 12	411
Magnolia Science Academy 4	0986	Los Angeles Unified School District	June 30, 2026	6 - 12	132
Magnolia Science Academy 5	0987	Los Angeles County Office of Education	June 30, 2026	6 - 12	218
Magnolia Science Academy 6	0988	Los Angeles Unified School District	June 30, 2026	6 - 8	128
Magnolia Science Academy 7	0989	Los Angeles Unified School District	June 30, 2026	K - 5	272
Magnolia Science Academy Bell	1236	Los Angeles Unified School District	June 30, 2027	6 - 8	385
Magnolia Science Academy Santa Ana	1686	California Department of Education	June 30, 2026	K - 12	524
Magnolia Science Academy San Diego	0698	San Diego Unified School District	June 30, 2027	6 - 8	464

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Mekan Muhammedov	Chair	April 2030
Sandra Covarrubias	Vice Chair	August 2027
Umit Yapanel, Ph.D.	Member	October 2027
Salih Dikbas, Ph.D.	Member	December 2029
Diane Gonzalez	Member	December 2029

ADMINISTRATION

NAME	TITLE
Alfredo Rubalcava	Chief Executive Officer and Superintendent
Steve Budhraja	Chief Financial Officer

Independent Auditor's Reports
June 30, 2025

Magnolia Educational & Research Foundation

eidebailly.com

Independent Auditor's 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 (Reissued)*

Governing Board
Magnolia Educational & Research Foundation
Los Angeles, 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 *(Government Auditing Standards),* the consolidated financial statements of Magnolia Educational & Research Foundation (the Organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 15, 2026.

Restatement and Reissuance

As discussed in Note 13, subsequent to the issuance of the Organization's June 30, 2025 and 2024 financial statements and our report thereon dated January 15, 2026, we became aware that those financial statements were misstated due to errors in amounts reported for cash and cash equivalents, restricted cash, property and equipment, proposition construction loan, and improper inclusion of a note payable in the originally issued statements. In our original report we expressed an unmodified opinion on the 2025 and 2024 financial statements, and our opinion on the revised statements, as expressed herein, remains unmodified.

Report on Internal Control over Financial Reporting

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

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

eidebailly.com
901 Via Piemonte, Ste. 450 • Ontario, CA 91764-8504 • T 909.466.4410 • F 909.466.4431 • EOE

Powered by BoardOnTrack

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated 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*.

Other Matter - Reissuance of Report

This report on internal control over financial reporting and the report on compliance and other matters replaces our previously issued reports dated January 15, 2026. Item 2025-001 has been revised to address the internal control deficiency related to the restatement and reissuance of the 2024 and 2025 financial statements.

The Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Eide Bailly LLP

Ontario, California
January 15, 2026 except for on item 2025-001 for which the date is October 21, 2026

Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

Governing Board
Magnolia Public Schools
Los Angeles, California

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Magnolia Public Schools' (the Organization) 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 the Organization's major federal program for the year ended June 30, 2025. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on the Major Federal Program

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

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

eidebailly.com
901 Via Piemonte, Ste. 450 • Ontario, CA 91764-8504 • T 909.466.4410 • F 909.466.4431 • EOE

Powered by BoardOnTrack

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization'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 Organization'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 a combination of deficiencies, in internal control over compliance, such

that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

Eide Bailly LLP

Ontario, California
January 15, 2026

Independent Auditor's Report on State Compliance and on Internal Control Over Compliance

Governing Board
Magnolia Public Schools
Los Angeles, California

Report on Compliance

Opinion on State Compliance

We have audited Magnolia Public Schools' (the Organization) compliance with the requirements specified in the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the Organization's state program requirements identified below for the year ended June 30, 2025.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*, and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards 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 Organization 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 opinion. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

eidebailly.com
901 Via Piemonte, Ste. 450 • Ontario, CA 91764-8504 • T 909.466.4410 • F 909.466.4431 • EOE

Powered by BoardOnTrack

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the Organization'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 *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the Organization's compliance with the state laws and regulations applicable to the following items:

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Not Applicable
Teacher Certification and Misassignments	Not Applicable
Independent Study	Not Applicable
Continuation Education	Not Applicable
Instructional Time	Not Applicable
Instructional Materials	Not Applicable
Ratio of Administrative Employees to Teachers	Not Applicable
Classroom Teacher Salaries	Not Applicable
Early Retirement Incentive	Not Applicable

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
GANN Limit Calculation	Not Applicable
School Accountability Report Card	Not Applicable
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools or Programs	Not Applicable
K-3 Grade Span Adjustment	Not Applicable
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Not Applicable
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Not Applicable
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	Yes
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

The term “Not applicable” is used above to mean either the Organization did not offer the program during the current fiscal year, the Organization did not participate in the program during the current fiscal year, the program did not exceed the threshold for testing, or the program applies to a different type of local education agency.

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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is described in the accompanying Schedule of Findings and Questioned Costs as item 2025-002. Our opinion on state compliance is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Organization's response was not subjected to the other 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be 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 with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2025-002 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Ontario, California
January 15, 2026

Schedule of Findings and Questioned Costs
June 30, 2025

Magnolia Educational & Research Foundation

Magnolia Educational & Research Foundation

Summary of Auditor's Results

Year Ended June 30, 2025

CONSOLIDATED FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to consolidated financial statements noted?	No

FEDERAL AWARDS

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	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

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Charter Schools	84.282M

Dollar threshold used to distinguish between type A and type B programs	$750,000
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

Internal control over state compliance for programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Other matters to be reported	Yes
Type of auditor's report issued on compliance for programs	Unmodified

The following finding represents a material weakness related to the financial statements that is required to be reported in accordance with *Government Auditing Standards*. This finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2025-001 30000 – Prior Period Restatement, Financial Statement Preparation, and Audit Adjustments as it Relates to the Title Transfer for the Newly Formed LLC (Material Weakness)

Criteria or Specific Requirements

Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. This includes designing, implementing, and monitoring controls to ensure that financial statements are prepared in accordance with generally accepted accounting principles (GAAP) and are free from material misstatement, whether caused by error or fraud. As part of this responsibility, management ensures that accounting considerations related to complex or non-routine transactions, including those involving legal entity structure or ownership, are appropriately identified, documented, reviewed, and recorded prior to year-end close.

Condition

During the course of our engagement, we identified material misstatements of beginning balances presented within the consolidated financial position, as reported on the 2022-2023 audited financial statements. This prior period restatement due to errors resulted in an understatement of $3,774,168. In addition, we identified adjustments related to cash and cash equivalents, property and equipment, notes payable, and the related revenues and expenditures. Specifically:

Magnolia Educational & Research Foundation

- Cash and cash equivalents were understated by $2,000,000.
- Property and equipment were understated by $7,600,000.
- Intra-entity receivable were overstated by $1,308,807.
- Intra-entity payable were understated by $427,630
- Interest payable was understated by $307,131.
- Notes payable was understated by $7,825,000.

Magnolia Science Academy 5

- Property and equipment were overstated by $3,964,890.
- Intra-entity receivable were understated by $1,081,742.
- Proposition construction loan were overstated by $1,441,574.

Magnolia Science Academy 7

- Property and equipment was overstated by $1,736,437.
- Intra-entity receivable was understated by $427,630.
- Intra-entity payable was overstated by $1,308,807.

MPM, Inc. / LLC

- Cash and cash equivalents were overstated by $18,723,304
- Restricted cash was understated by $18,723,304
- Notes receivable was understated by $3,540,002
- Property and equipment were understated by $1,081,742.
- Intra-entity payable were understated by $1,081,742.

These adjustments resulted in an overall understatement of $1,829,860 in Net Assets.

During the fiscal year 2024-2025, the Organization established MPM 18120 Sherman Way LLC to hold title to the property at 18120 Sherman Way. The purchase transaction was completed during the year; however, as of June 30, 2025, the formal transfer of title from MERF to the LLC had not yet been finalized.

Context

The condition identified was through inquiry with Organization personnel and through review of available Organization records related to balances reported in the Organization's cash and cash equivalents, property and equipment, interest payable, and notes payable.

Cause

The delay was due to administrative timing and coordination requirements associated with setting up the new legal entity and preparing the necessary transfer documentation, specifically to avoid triggering the Los Angeles City Measure ULA transfer tax.

Effect

The net effect of these errors resulted in misstatements that were not detected or prevented by the Organization's internal accounting control and review process.

Repeat Finding

No.

Recommendation

We recommend that management and those charged with governance continue to strengthen internal controls over financial reporting related to complex, non-routine transactions, including those involving legal entity formation, ownership, and timing considerations, to ensure that financial statements are free from material misstatement. Controls should enable management, in the normal course of performing assigned functions, to identify, document, and resolve accounting considerations on a timely basis. Specifically:

- Strengthen year-end reconciliation and review procedures for significant accounts.
- Enhance pre-year-end coordination and documentation review for transactions involving legal entity structure or ownership.
- Ensure timely identification, documentation, and recording of accounting judgments related to such transactions prior to financial statement issuance

Corrective Action Plan and Views of Responsible Officials

The Organization agrees that effective year-end review, documentation, and coordination are critical components of its internal control over financial reporting, particularly for complex or non-routine transactions involving legal entity formation or ownership. Management has implemented, and continues to implement and monitor, enhanced procedures to strengthen cross-functional coordination, pre–year-end readiness reviews, documentation of accounting judgments, and verification of legal ownership and entity structure prior to fiscal year-end. Management believes these actions will support timely identification and resolution of accounting considerations and reduce the risk of similar issues in future reporting periods.

Magnolia Educational & Research Foundation

Federal Awards Findings and Questioned Costs

Year Ended June 30, 2025

None reported.

The following finding represent a significant deficiency and instance of noncompliance including questioned costs that is required to be reported by the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance

2025 -002 10000 – Attendance Reporting (Significant Deficiency in Internal Controls and Noncompliance)

Criteria

Pursuant to California *Education Code* Section 47612.5, the Annual Period Report of Attendance submitted to the CDE should reconcile to supporting documents to ensure that Average Daily Attendance (ADA) is reported accurately. Attendance report should be revised to reflect updates and corrections to attendance when they occur.

Condition

The ADA reported on the Annual Period Report of Attendance was inaccurate due to the Organization misclassifying classroom-based ADA and nonclassroom-based ADA. As a result, the Organization overstated classroom based ADA by 1.20 and underreported nonclassroom-based by 1.20 ADA on the Annual Report.

Cause

The misclassification appears to have resulted from an error in categorizing instructional setting for classroom-based and nonclassroom based ADA during annual reporting.

Effect

Magnolia Science Academy San Diego

The Organization over reported by 1.20 ADA for classroom-based and under reported by 1.20 ADA for nonclassroom-based on its Annual Period Report Attendance, resulting in an estimated fiscal impact as follows:

Grade Span	(Over) Under Reported ADA	Derived Value of ADA by Grade Span	Penalty
Classroom-based			
4-6	(0.38)	$ 10,937.43	$ (4,156.22)
7-8	(0.82)	11,260.92	(9,233.95)
Subtotal	(1.20)		(13,390.18)
Nonclassroom-based			
4-6	0.38	$ 10,937.43	$ 4,156.22
7-8	0.82	11,260.92	9,233.95
Subtotal	1.20		13,390.18
Total	-		$ -

Questioned Costs

There was no questioned costs identified.

Repeat Finding

No.

Recommendation

The Organization should ensure the Annual Period Report of Attendance is accurately completed using the correct reports from the student information system.

Corrective Action Plan and Views of Responsible Officials

The Organization acknowledges the finding and agrees that ADA was misclassified. While the variance of 1.20 ADA does not result in a questioned cost, the school recognizes the importance of accurate reporting under California *Education Code* Section 47612.5.

The Organization concurs with the recommendation and has initiated steps to strengthen internal controls, update policies, and train staff to ensure future compliance.

Magnolia Educational & Research Foundation

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2025

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.