CHARTER FOUNDATION

REVIEWED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

(unaudited)

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Charter Foundation
Sebastopol, California

We have reviewed the accompanying financial statements of Charter Foundation (the "Foundation"), which comprise the statement of financial position as of June 30, 2024, and the related statement of activities, functional expenses, and cash flows for the year ending June 30, 2024, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of foundation management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

SetApart Accountancy Corp.

November 11, 2024

Los Angeles, California

Charter Foundation
STATEMENT OF FINANCIAL POSITION

As of June 30,	2024
(USD $ in Dollars)	
ASSETS	
Current Assets:	
Undesignated cash and cash equivalents	$ 48,197
Board designated cash and cash equivalents	
Designated cash and cash equivalents	788,145
RSF operating reserve	50,000
Total designated cash and cash equivalents	838,145
Prepaid expenses	-
Total Current Assets	**886,342**
Fixed Assets	
Building, land and improvements	9,880,369
Equipment	3,954
Subtotal	9,884,323
Less accumulated depreciation	(1,354,715)
Net fixed assets	8,529,608
Total Assets	**$ 9,415,950**
LIABILITIES AND NET ASSETS	
Current Liabilities:	
Current portion of long-term debt	$ 96,455
Grants payable	-
Total Current Liabilities	**96,455**
Long-term debt	4,180,898
Security deposits	18,333
Facilities reserve	581,267
Class funds reserve	8,188
Total Liabilities	**4,885,141**
NET ASSETS	
Without donor restriction:	
Undesignated	3,692,665
Board designated	838,145
Total net assets	4,530,810
Total Liabilities and Net Assets	**$ 9,415,951**

See accompanying notes to the financial statements

Charter Foundation
STATEMENT OF ACTIVITIES

For the year ended June 30,	2024
Support and Revenue:	
Pledges	$ 262,910
Lease income	252,766
Special events, net of expenses	42,071
Capital campaign	-
Interest income	19,563
Investment income	3,424
Grants	3,800
Fundraising	11,545
Other income	1,296
Total support and revenue	597,375
Expenses	
Program	694,410
Management and general	9,764
Fundraising expense	9,616
Total expenses	713,790
Change in net assets	**(116,415)**
Net assets, beginning of year	4,647,225
Net assets, end of year	**$ 4,530,810**

See accompanying notes to the financial statements

Charter Foundation
STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended June 30, 2024	Program	Management and General	Fundraising	Total
Wages	$ 96,560	$ -	$ -	$ 96,560
Payroll taxes	7,765	-	-	7,765
Workers compensation	504	-	-	504
Class funding	5,857	-	-	5,857
Depreciation	247,815	-	-	247,815
Dues and subscriptions	80	-	-	80
Fundraising	-	-	9,616	9,616
Grants given	175,693	-	-	175,693
Board designated grants	-	-	-	-
Liability insurance	-	1,710	-	1,710
Licenses & permits	75	-	-	75
Miscellaneous	84	-	-	84
Merchandise	-	-	-	-
Office supplies	-	1,469	-	1,469
Postage & delivery	-	539	-	539
Professional fees	-	6,046	-	6,046
Property insurance	21,319	-	-	21,319
Property taxes	4,286	-	-	4,286
Mortgage loan interest	134,056	-	-	134,056
Utilities & maintenance	316	-	-	316
Total expenses	**$ 694,410**	**$ 9,764**	**$ 9,616**	**$713,790**

See accompanying notes to the financial statements

Charter Foundation
STATEMENT OF CASH FLOWS

For Fiscal Year Ended June 30,	2024
(USD $ in Dollars)	
CASH FLOW FROM OPERATING ACTIVITIES	
Net income/(loss)	$ (116,415)
Adjustments to reconcile net income to net cash provided/(used) by operating activities:	
Depreciation of Property	247,815
Changes in operating assets and liabilities:	
Prepaids and Other Current Assets	600
Grants payable	(575,000)
Other Long-term Liabilities	583,705
Net cash provided/(used) by operating activities	**140,705**
CASH FLOW FROM INVESTING ACTIVITIES	
Purchases of Property and Equipment	(23,386)
Net cash provided/(used) in investing activities	**(23,386)**
CASH FLOW FROM FINANCING ACTIVITIES	
Net borrowing on promissory notes	(93,102)
Net cash provided/(used) by financing activities	**(93,102)**
Change in Cash	24,217
Cash—beginning of year	862,125
Cash—end of year	**$ 886,342**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid during the year for interest	$ 134,056
Cash paid during the year for income taxes	$ -
OTHER NONCASH INVESTING AND FINANCING ACTIVITIES AND SUPPLEMENTAL DISCLOSURES	
Purchase of property and equipment not yet paid for	$ -

See accompanying notes to financial statements.

1. NATURE OF OPERATIONS

The Charter Foundation (which may be referred to as the "Foundation", "we", "us", or "our") was formed as a non-profit public benefit corporation on November 10, 1998, in the state of California to provide facilities and resources to charter school programs which use the Waldorf Curriculum. It is the designated fundraising entity for individual charter schools and will solicit private funds for the use and support of such school programs. The primary focus of the Foundation is to invest these private funds in the purchase and construction of facilities for educational purposes. The financial statements of the Foundation are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Foundation's headquarters are located in Sebastopol, California.

The Foundation is a non-profit corporation formed to raise money for the creation and ongoing support of Sebastopol Charter School, a Public Waldorf school. The school is not provided facilities by any governing agency. It must secure facilities on its own, with the support of the Foundation. The Foundation has a primary responsibility for all non-classroom-specific fundraising activities with collaboration and input from the school. The Foundation is the primary recipient of funds raised through pledges and fundraising activities or otherwise received for or on behalf of the school, and it's obligated to hold such funds in trust for the school.

The Foundation is funded primarily through pledges, contributions, and rental income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting and reporting policies of the Foundation conform to accounting principles generally accepted in the United States of America ("US GAAP"). The Foundation has adopted June 30 as its basis of reporting.

The Foundation reports information regarding its financial position and activities on an accrual basis according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net assets without donor restriction – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restriction – Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of the Foundation to meet the stipulations or that become net assets without donor restriction at the date specified by the donor.

Net assets released from donor restriction – Net assets with donor restriction are "released" to net assets without donor restriction when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

Use of Estimates

The preparation of financial statements in conformity with United States GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all cash in banks. The Foundation's cash consists primarily of CD's, checking accounts, savings, and an ICS account. The Foundation's cash and cash equivalents in bank deposit accounts, at times, may exceed federally insured limits. As of June 30, 2024, the Foundation's cash and cash equivalents did not exceed FDIC-insured limits.

Property and Equipment

The Foundation capitalizes all expenditures for property and equipment in excess of the capitalization limit. Property and equipment are stated at cost, or if donated, at fair value at the date of donation. Normal repairs and maintenance costs are charged to earnings as incurred and additions, major improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. The cost of assets retired or otherwise disposed of, and the related depreciation are eliminated from the accounts in the period of disposal and the resulting gain or loss is credited or charged to earnings.

Depreciation is computed over the estimated useful lives of the related asset type or term of the operating lease using the straight-line method for financial statement purposes. The estimated service lives for property and equipment are as follows:

Category	Useful Life
Equipment	5-7 years
Property	39 years

Impairment of Long-lived Assets

Long-lived assets, such as property and equipment and identifiable intangibles with finite useful lives, are periodically evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We look for indicators of a trigger event for asset impairment and pay special attention to any adverse change in the extent or manner in which the asset is being used or in its physical condition. Assets are grouped and evaluated for impairment at the lowest level of which there are identifiable cash flows, which is generally at a location level. Assets are reviewed using factors including, but not limited to, our future operating plans and projected cash flows. The determination of whether impairment has occurred is based on an estimate of undiscounted future cash flows directly related to the assets, compared to the carrying value of the assets. If the sum of the undiscounted future cash flows of the assets does not exceed the carrying value of the assets, full or partial impairment may exist. If the asset carrying amount exceeds its fair value, an impairment charge is recognized in the amount by which the carrying amount exceeds the fair value of the asset. Fair value is determined using an income approach, which requires discounting the estimated future cash flows associated with the asset.

Income Taxes

The Foundation is exempt from Federal and State income taxes under Internal Revenue Code Section 501(c)(3) and California Franchise Tax Board Code Section 23701d. Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, the Internal Revenue Service has determined that the Foundation is not a "private organization" within the meaning of Section 509(a) of the Internal Revenue Code.

Management of the Foundation considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a

change to occur, including changes to the Organization's status as a not-for-profit entity. Management believes the Foundation meets the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax; therefore, no provision for income taxes has been provided in these financial statements. The Foundation's tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Income

The Foundation includes in its measure of operations (operating income over expenditures) all income that is an integral part of its programs and supporting activities, such as fundraising activities, rental activities, capital campaign activities, investment activities, and miscellaneous activities.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services.

Allocation Methodology

Costs that benefit more than one program are allocated on the basis of usage.

Donated Services and Items

Many volunteers have contributed hours during 2024 to the Foundation's program services during the year; however, these donated services are not reflected in the financial statements since they do not require specialized services.

Fair Value of Financial Instruments

The carrying value of the Foundation's financial instruments included in current assets and current liabilities (such as cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate fair value due to the short-term nature of such instruments).

The inputs used to measure fair value are based on a hierarchy that prioritizes observable and unobservable inputs used in valuation techniques. These levels, in order of highest to lowest priority, are described below:

Level 1—Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2—Observable prices that are based on inputs not quoted on active markets but corroborated by market data.

Level 3—Unobservable inputs reflecting the Foundation's assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Subsequent Events

The Foundation considers events or transactions that occur after the balance sheet date, but prior to the issuance of the financial statements to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated through November 11, 2024, which is the date the financial statements were issued.

3. DETAILS OF CERTAIN ASSETS AND LIABILITIES

Facilities Reserves

In accordance with the revised Memorandum of Understanding (MOU) dated February 1, 2024, with the Sebastopol Charter School, the Foundation shall make an unrestricted grant to the school each fiscal year in an amount equal to 100% of its "revenue" less "usual and ordinary operating expenses" up to a maximum of $175,000, calculated on a cash basis.

The Foundation shall hold all revenue earned above $175,000 in its Long-Term Facilities Reserve account, to be used only for the School's long-term facilities needs, including further development of the campus.

Should the School disclaim the annual grant, or any portion of it, the Foundation shall hold such funds in its Long-Term Facilities Reserve account, to be used only for the School's long-term facilities needs, including further development of the campus.

Any grant funds currently held by the Foundation on behalf of the School from previous years, in accordance with the MOU, has been rolled over into the Long Term Facilities Reserve account.

Should the School require additional grants above the agreed upon amount set forth in the MOU, the School's Board of Directors must make a written request for the same and the Foundation shall grant such request subject to its approval, which shall not be unreasonably withheld, conditioned, or delayed. Any granting of such funds shall be drawn from the Long-Term Facilities Reserve account.

4. PROPERTY AND EQUIPMENT

As of June 30, 2024, property and equipment consists of:

As of Year Ended June 30,	2024
Equipment	$ 3,954
Property	9,880,369
Property and Equipment, at Cost	**9,884,323**
Accumulated depreciation	(1,354,715)
Property and Equipment, Net	**$ 8,529,608**

Depreciation expenses for property and equipment for the fiscal year ended June 30, 2024, were in the amount of $247,815.

5. DEBT

Promissory Notes & Loans

During the years presented, the Foundation has entered into promissory notes & loans. The details of the Foundation's loans, notes, and the terms are as follows:

Debt Instrument Name	Principal Amount	Interest Rate	Borrowing Period	Maturity Date	Current Portion	Non-Current Portion	Total Indebtedness
Promissory Note - RSF Investment fund	$ 4,463,736	3.05%	5/25/2022	6/1/2032	$ 96,455	$ 4,180,898	$ 4,277,353

The summary of the future payments is as follows:

As of Year Ended June 30, 2024	
2024 - 2025	$ 96,455
2025 - 2026	99,265
2026 -2027	102,379
2027 - 2028	105,394
2028 - 2029	109,090
Thereafter	3,764,769
Total	**$ 4,277,353**

6. LIQUIDITY

The following reflects the Foundation's financial assets as of June 30, 2024, that are available for operations. The Foundation's restrictions come from board-designated funds.

Financial Assets At Year End	June 30, 2024
Cash And Cash Equivalents	$ 886,342
Less Financial Assets With Board Restrictions	(838,145)
Total Financial Assets Available To Meet Cash Needs For General Expenditures Within One Year	**$ 48,197**

7. OPERATING LEASE – LESSOR

On January 1, 2022, the Foundation entered into a 10-year lease agreement with Sebastopol Independent Charter School (SICS) with a monthly rental payment of $25,655, but will adjust as necessary to equal the total amount of the monthly mortgage payment(s) the Foundation pays its secured lender(s). On July 1, 2022, the monthly payment was adjusted to $18,930.02 after the mortgage was refinanced, and will remain that amount until May 1, 2032. A security deposit of $18,333 has been paid as additional security in case of default.

On January 1, 2022, the Foundation entered into a lease agreement with The Ceres Community Project (a California nonprofit corporation) ("Tenant"), and Sebastopol Charter School, a California nonprofit corporation ("School"). The School is the primary tenant at the Property and the operator of a Public Waldorf K-8 school, which includes a garden program for its students. Tenant is a nonprofit organization that provides medically tailored meals made with locally sourced, sustainably farmed ingredients. It also operates a Youth Development Program where youth learn to grow and cook healthy food. Tenant is leasing the Premises for the purpose of operating a vegetable, fruit and herb garden and accompanying staging area for farming materials, supplies and equipment ("Garden"). Tenant assumes all responsibility for securing all necessary permits and approvals from agencies having jurisdiction over its intended use. The term of the Lease is for five (5) years commencing on January 1, 2022, and terminating on December 31, 2026, with 3 options to extend the lease for an additional five (5) year period. To exercise an option, the Tenant must provide written notice to the Landlord at least 180 days prior to the end of the Lease term or extension thereof. The tenant paid a base rent in the amount of $1.

Total lease income for the year ended June 30, 2024, is $252,766.

8. COMMITMENTS AND CONTINGENCIES

Contingencies

The Foundation's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or loss of permits that could result in the Foundation ceasing operations.

Litigation and Claims

From time to time, the Foundation may be involved in litigation relating to claims arising out of operations in the normal course of business. As of June 30, 2024, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Foundation's operations.

9. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events for the period from June 30, 2024, through November 11, 2024, which is the date the financial statements were available to be issued.

There have been no events or transactions during this time which would have a material effect on these financial statements.