

**CHIME INSTITUTE
OPERATING:
CHIME INSTITUTE'S SCHWARZENEGGER
COMMUNITY SCHOOL (CISCS)
CHARTER SCHOOL NUMBER: 0417
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**



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**CHIME INSTITUTE
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YEAR ENDED JUNE 30, 2025**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
CHIME Institute
Woodland Hills, California

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 Organization's financial statements as a whole. The Institute, Early Education, CISCS, and Eliminations columns in the statements of financial position, activities, and cash flows as well as the supplementary information (as identified in the table of contents) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated December 7, 2025 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 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.



CliftonLarsonAllen LLP

Ontario, California
December 7, 2025

CHIME INSTITUTE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

	Institute	Early Education	CISCS	Eliminations	Total
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 419,074	\$ 58,512	\$ 2,637,093	\$ -	\$ 3,114,679
Investments	73,664	-	1,988,071	-	2,061,735
Accounts Receivable - Federal and State	-	-	1,332,660	-	1,332,660
Accounts Receivable - Other	-	134,832	50,263	-	185,095
Intracompany Accounts Receivable	910,735	235,854	105,883	(1,252,472)	-
Prepaid Expenses and Other Assets	-	-	16,361	-	16,361
Total Current Assets	<u>1,403,473</u>	<u>429,198</u>	<u>6,130,331</u>	<u>(1,252,472)</u>	<u>6,710,530</u>
LONG-TERM ASSETS					
Property, Plant, and Equipment, Net	-	-	9,013,316	-	9,013,316
Right of Use Asset - Financing Lease	-	-	121,899	-	121,899
Total Long-Term Assets	<u>-</u>	<u>-</u>	<u>9,135,215</u>	<u>-</u>	<u>9,135,215</u>
Total Assets	<u><u>\$ 1,403,473</u></u>	<u><u>\$ 429,198</u></u>	<u><u>\$ 15,265,546</u></u>	<u><u>\$ (1,252,472)</u></u>	<u><u>\$ 15,845,745</u></u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ 498,830	\$ 229,558	\$ 1,214,789	\$ -	\$ 1,943,177
Intracompany Accounts Payable	98,928	94,651	1,058,893	(1,252,472)	-
Deferred Revenue	-	-	2,420,210	-	2,420,210
Finance Lease Liability, Current Portion	-	-	43,425	-	43,425
Notes Payable, Current Portion	-	-	129,342	-	129,342
Total Current Liabilities	<u>597,758</u>	<u>324,209</u>	<u>4,866,659</u>	<u>(1,252,472)</u>	<u>4,536,154</u>
LONG-TERM LIABILITIES					
Cash Balance Defined Benefit Pension	-	-	1,280,183	-	1,280,183
Finance Lease Liability, Net of Current Portion	-	-	84,257	-	84,257
Notes Payable	-	-	2,787,709	-	2,787,709
Total Long-Term Liabilities	<u>-</u>	<u>-</u>	<u>4,152,149</u>	<u>-</u>	<u>4,152,149</u>
NET ASSETS					
Without Donor Restriction					
Undesignated	805,715	104,989	6,246,738	-	7,157,442
Total Net Assets	<u>805,715</u>	<u>104,989</u>	<u>6,246,738</u>	<u>-</u>	<u>7,157,442</u>
Total Liabilities and Net Assets	<u><u>\$ 1,403,473</u></u>	<u><u>\$ 429,198</u></u>	<u><u>\$ 15,265,546</u></u>	<u><u>\$ (1,252,472)</u></u>	<u><u>\$ 15,845,745</u></u>

See accompanying Notes to Financial statements.

**CHIME INSTITUTE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

	Institute	Early Education	CISCS	Eliminations	Total
REVENUES, WITHOUT DONOR RESTRICTION					
State Revenue:					
State Aid	\$ -	\$ -	\$ 4,845,682	\$ -	\$ 4,845,682
Other State Revenue	- -	- -	2,557,785	- -	2,557,785
Apportionment Revenue	- -	- -	216,473	- -	216,473
Federal Revenue:					
Grants and Entitlements	- -	- -	366,507	- -	366,507
Local Revenue:					
In-Lieu Property Tax Revenue	- -	- -	2,920,129	- -	2,920,129
Contributions	127,927	18,868	1,000,747	- -	1,147,542
Investment Income	203	71	104,555	- -	104,829
Provider Fees	- -	550,814	152,845	- -	703,659
Other Revenue	- -	- -	80,752	- -	80,752
Total Revenues and Amounts Released from Restrictions	128,130	569,753	12,245,475	- -	12,943,358
EXPENSES					
Program Services	- -	665,317	10,623,503	- -	11,288,820
Management and General	225,907	63,714	1,851,715	- -	2,141,336
Fundraising	- -	- -	84,918	- -	84,918
Total Expenses	<u>225,907</u>	<u>729,031</u>	<u>12,560,136</u>	- -	<u>13,515,074</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION					
	(97,777)	(159,278)	(314,661)	- -	(571,716)
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTION					
Postretirement-Related Changes Other than Net Periodic Benefit Cost	- -	- -	(10,590)	- -	(10,590)
Other Change in Assets Without Donor Restriction	- -	- -	(10,590)	- -	(10,590)
Total Change in Net Assets Without Donor Restriction	<u>(97,777)</u>	<u>(159,278)</u>	<u>(325,251)</u>	- -	<u>(582,306)</u>
TOTAL CHANGE IN NET ASSETS					
Net Assets - Beginning of Year	<u>903,492</u>	<u>264,267</u>	<u>6,571,989</u>	- -	<u>7,739,748</u>
NET ASSETS - END OF YEAR					
	<u><u>\$ 805,715</u></u>	<u><u>\$ 104,989</u></u>	<u><u>\$ 6,246,738</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,157,442</u></u>

See accompanying Notes to Financial statements.

CHIME INSTITUTE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025

	Institute	Early Education	CISCS	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets	\$ (97,777)	\$ (159,278)	\$ (325,251)	\$ -	\$ (582,306)
Adjustments to Reconcile Change in Net Assets to					
Net Cash Provided (Used) by Operating Activities:					
Depreciation and Amortization	- -	- -	391,766	- -	391,766
Change in Operating Assets:					
Accounts Receivable - Federal and State	- -	- -	107,024	- -	107,024
Accounts Receivable - Other	- -	101,228	(18,353)	- -	82,875
Intracompany Accounts Receivable	(383,361)	(129,116)	(217,955)	730,432	-
Prepaid Expenses and Other Assets	4,258	1,077	104,570	- -	109,905
Change in Operating Liabilities:					
Accounts Payable and Accrued Liabilities	20,930	171,815	18,707	- -	211,452
Cash Balance Defined Benefit Pension	- -	- -	(74,346)	- -	(74,346)
Deferred revenue	- -	- -	360,891	- -	360,891
Intracompany Accounts Payable	25	363	730,044	(730,432)	-
Net Cash Flows Provided (Used) by Operating Activities	<u>(455,925)</u>	<u>(13,911)</u>	<u>1,077,097</u>	<u>-</u>	<u>607,261</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of Investments	- -	- -	23,769	- -	23,769
Purchases of Property, Plant, and Equipment	- -	- -	(5,146)	- -	(5,146)
Net Cash Flows Provided by Investing Activities	<u>- -</u>	<u>- -</u>	<u>18,623</u>	<u>- -</u>	<u>18,623</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Finance Lease Liability Repayments	- -	- -	(40,975)	- -	(40,975)
Repayments of Debt	- -	- -	(126,764)	- -	(126,764)
Net Cash Flows Used by Financing Activities	<u>- -</u>	<u>- -</u>	<u>(167,739)</u>	<u>- -</u>	<u>(167,739)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS					
	<u>(455,925)</u>	<u>(13,911)</u>	<u>927,981</u>	<u>-</u>	<u>458,145</u>
Cash and Cash Equivalents - Beginning of Year	<u>874,999</u>	<u>72,423</u>	<u>1,709,112</u>	<u>-</u>	<u>2,656,534</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 419,074</u>	<u>\$ 58,512</u>	<u>\$ 2,637,093</u>	<u>\$ -</u>	<u>\$ 3,114,679</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid for Interest During the Fiscal Year	\$ -	\$ -	\$ 59,944	\$ -	\$ 59,944
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See accompanying Notes to Financial statements.

CHIME INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	Institute			Early Education			CISCS				Total Expenses
	Program Services	Management and General	Total	Program Services	Management and General	Total	Program Services	Management and General	Fundraising	Total	
Salaries and Wages	\$ -	\$ 130,620	\$ 130,620	\$ 465,168	\$ -	\$ 465,168	\$ 7,415,694	\$ 715,434	\$ -	\$ 8,131,128	\$ 8,726,916
Pension Expense	-	-	-	1,000	-	1,000	20,284	2,918	-	23,202	24,202
Employee Benefits	-	11,425	11,425	169,750	-	169,750	716,875	69,161	-	786,036	967,211
Payroll Taxes	-	9,563	9,563	21,210	-	21,210	271,292	58,851	-	330,143	360,916
Management Fees	-	-	-	-	-	-	-	301,235	-	301,235	301,235
Legal Expenses	-	-	-	-	-	-	-	33,598	-	33,598	33,598
Accounting Expenses	-	10,332	10,332	-	-	-	-	41,881	-	41,881	52,213
Instructional Materials	-	-	-	125	-	125	707,024	-	-	707,024	707,149
Other Fees for Services	-	11,426	11,426	300	5,190	5,490	546,968	229,579	-	776,547	793,463
Advertising and Promotion	-	-	-	-	-	-	-	17,180	-	17,180	17,180
Office Expenses	-	-	-	-	-	-	109,743	51,127	-	160,870	160,870
Information Technology	-	-	-	33	-	33	-	44,670	-	44,670	44,703
Occupancy Expenses	-	210	210	-	54,394	54,394	105,433	10,427	-	115,860	170,464
Travel Expenses	-	53	53	-	-	-	38,822	-	-	38,822	38,875
Interest Expense	-	-	-	-	-	-	-	59,944	-	59,944	59,944
Depreciation Expense	-	-	-	-	-	-	321,837	31,049	-	352,886	352,886
Insurance Expense	-	-	-	7,387	-	7,387	-	179,892	-	179,892	187,279
Other Expenses	-	52,278	52,278	344	4,130	4,474	369,531	4,769	84,918	459,218	515,970
Total	\$ -	\$ 225,907	\$ 225,907	\$ 665,317	\$ 63,714	\$ 729,031	\$ 10,623,503	\$ 1,851,715	\$ 84,918	\$ 12,560,136	\$ 13,515,074

See accompanying Notes to Financial statements.

**CHIME INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

CHIME Institute (the Organization) operates distinct programs with an emphasis on providing services for children who require special attention due to learning and/or physical disabilities. The programs are:

- Chime Institute's Schwarzenegger Community School (CISCS) is a charter school authorized by the Board of Education of the Los Angeles Unified School District (LAUSD) for grades K through 8,
- Chime Infant/Toddler Programs for young children up to 3 years, and
- Chime Preschool Inclusion Program for children ages 3 through 5.

The Chime Infant/Toddler Program and the Chime Preschool Inclusion Program make up the Early Education Program as presented in the financial statements.

CISCS' services and programs are funded through contracts with various governmental agencies, including the State of California, Los Angeles County, the Los Angeles Unified School District, and contributions from the general public. The revenue limit is the basic financial support for the elementary and middle school activities. There are three sources of revenue limit income: State aid, in lieu of local property taxes, and Education Protection Act.

The charter may be revoked by the Los Angeles Unified School District for material violations of the charter, failure to meet pupil outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

Basis of Accounting

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

Basis of Presentation

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

Use of Estimates

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

**CHIME INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

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

Cash and Cash Equivalents

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

Net Asset Classes

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

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

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

Accounts Receivable

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

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, if purchased or at estimated fair value, if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset. The Organization capitalizes all expenditures for land, buildings and equipment in excess of \$5,000.

**CHIME INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

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

Investments

Investments in marketable securities are recorded at fair value. The Organization's investments in Certificates of Deposit are not marketable securities are reported at amortized cost.

Compensated Absences

The Organization's employees earn paid-time-off (PTO) based on the amount of time worked annually. Unused PTO for full-time employees is cumulative from year to year and can be accrued. The Organization records a liability for the accrued PTO that is included under payroll and related liabilities.

Revenue Recognition

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

Contributions

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

**CHIME INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as Deferred Revenues in the statement of financial position. As of June 30, 2025, the Organization has conditional grants of \$2,516,447 of which \$2,420,210 is recognized as deferred revenue in the statement of financial position.

Provider Fees

Provider fees consist of special education and early education services. The performance obligation for providing these services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the academic year.

Other Revenue

Other revenue consists of after-school and other services. The performance obligation for providing these services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the academic year.

Income Taxes

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

Leases

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

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Organization uses its risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

**CHIME INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statement of financial position.

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

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

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

Evaluation of Subsequent Events

The Organization has evaluated subsequent events through December 7, 2025, the date these financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

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

Cash and Cash Equivalents	\$ 3,114,679
Investments	2,061,735
Accounts Receivable - Federal and State	1,332,660
Accounts Receivable - Other	185,095
Total	<u>\$ 6,694,169</u>

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

**CHIME INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 CONCENTRATION OF CREDIT RISK

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

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENT

Levels 1 through 3 have been assigned to the fair value measurement of investments. The fair value level of measurement is determined as follows:

Level 1 – Quoted prices in an active market for identical assets.

Level 2 – Quoted prices for similar assets and market-corroborated inputs.

Level 3 – The organization’s own assumptions about market participation, including assumptions about risk, developed based on the best information available in the circumstances.

Fair values and carrying values of investments at June 30, 2025 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Investments Measured at Fair Value:				
Common Stock	\$ 11,840	\$ 11,840	\$ -	\$ -
Total Investments Measured at Fair Value	11,840	\$ 11,840	\$ -	\$ -
Investments Measured at Amortized Cost:				
Certificates of Deposit	2,049,895			
Investments Reported at Carrying Value	2,049,895			
Total Investments	\$ 2,061,735			

Investment income is comprised of the following for the year ended June 30, 2025:

Interest and Dividends \$ 104,829

NOTE 5 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment in the accompanying financial statements are presented net of accumulated depreciation. The Organization capitalizes all expenditures for land, buildings, and equipment in excess of \$5,000. Depreciation expense was \$352,886 for the year ended June 30, 2025.

**CHIME INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

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

Buildings and Improvements	\$ 12,545,268
Equipment and Furniture	460,599
Leasehold Improvements	<u>262,064</u>
Property, Plant, and Equipment	13,267,931
Less: Accumulated Depreciation	(4,254,615)
Property, Plant, and Equipment, Net	<u>\$ 9,013,316</u>

NOTE 6 LONG-TERM DEBT

Proposition 55

The Organization was awarded Prop 55 facilities funding in the amount of \$7,942,966 of which 50% of the award is a loan and 50% is a grant. The note payable balance as of June 30, 2025 is \$2,917,051.

Future maturities under the loan portion are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 129,342
2027	131,951
2028	134,613
2029	137,329
2030	140,099
Thereafter	<u>2,243,717</u>
Total	<u>\$ 2,917,051</u>

NOTE 7 EMPLOYEE RETIREMENT

The Organization contributes to a cash balance defined benefit retirement plan (the Pension Plan) that provides benefits for employees who qualify to be excluded from the social security system. An employee becomes eligible for participation in the Pension Plan at age 18, and with the first hour of credited service. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

The Pension Plan obtained an Actuarial Report for the year ended June 30, 2025, calculating contribution guidelines and funded status in accordance with the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Pension Plan is not subject to most of the provisions of ERISA; however, the ERISA provisions provide reasonable guidelines for determining contributions to keep the Pension Plan adequately funded to provide future benefits. The following tables set forth further information about the Organization's defined benefit Pension Plan as of and for the year ended June 30, 2025:

CHIME INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 EMPLOYEE RETIREMENT (CONTINUED)

Pension Plan obligations and funded status:

Projected Benefit Obligation as of June 30, 2025	\$ (7,487,535)
Fair Value of Plan Assets as of June 30, 2025	6,207,352
<u>Funded Status</u>	<u>\$ (1,280,183)</u>

Accumulated Benefit Obligation as of June 30, 2025	\$ 7,487,535
Employer Contributions	-
Participant Contributions	463,634
Benefits Paid	419,256

Amounts recognized in the statement of financial position as of June 30, 2025 consist of:

Cash Balance Defined Benefit Pension Liability	<u>\$ 1,280,183</u>
--	---------------------

Components of net periodic pension cost:

Service Cost	\$ 719,008
Interest Cost	202,820
Expected Return on Plan Assets	(174,121)
<u>Net Periodic Pension Cost</u>	<u>\$ 747,707</u>

\$10,590 was recognized as net periodic pension cost for the year ended June 30, 2025.

The Organization expects to contribute approximately \$10,590 to its pension plan during the year ended June 30, 2025, including both employee and employer contributions.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 451,804
2027	186,605
2028	202,222
2029	-
2030	250,282
2030-2034	290,071

The following assumptions were used in accounting for the Pension Plan:

Weighted-average assumption used to determine benefit obligations as of June 30, 2025:

Discount Rate	3.00%
Rate of Compensation Increase	3.00%

CHIME INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 EMPLOYEE RETIREMENT (CONTINUED)

Weighted-average assumption used to determine net periodic pension benefit cost for the year ended June 30, 2025:

Discount Rate	3.00%
Expected Long-Term Return on Plan Assets	3.00%
Rate of Compensation Increase	3.00%

The expected rate of return of 3% on Pension Plan assets is determined based on the expected return on funds held in insurance company accounts.

The Organization's overall investment strategy is to preserve and protect the assets to earn 3% per annum in the guaranteed insurance contract, as well as fund 8% of pay for both employee and employer contributions (for a total of 16% of pay).

The fair values of the Pension Plan's assets as of June 30, 2025 by asset category are as follows:

Asset Category	Total	Quoted Prices		
		in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	\$ 24,738	\$ 24,738	\$ -	\$ -
Mutual Fund	375,945	375,945	-	-
Annuity Contract	5,331,594	-	-	5,331,594
Life Insurance Contract	475,075	-	-	475,075
	\$ 6,207,352	\$ 400,683	\$ -	\$ 5,806,669

A reconciliation of Pension Plan assets for the year ended June 30, 2025 is as follows:

Fair Value as of July 1, 2024	\$ 5,610,536
Actual Return on Pension Plan Assets	552,438
Employee Contributions	463,634
Benefits Paid	(419,256)
Fair Value as of June 30, 2025	\$ 6,207,352

**CHIME INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 PARTICIPANT OF JOINT POWER AUTHORITY

The Organization is a member of California Charter School Association (CCSA) and a participant of CCSA Joint Power Authority (CCSA-JPA). CCSA-JPA offers self-insurance plans for charter schools and other governmental entities. Each member pays proportionate premium based on desired coverage and risks involved. Chime maintains workers' compensation and liability insurances through CCSA-JPA.

CCSA-JPA is a separate entity with its own independent board. All CCSA-JPA's budgeting and financial reporting requirements are done independently of members; therefore, CCSA-JPA financial statements are not part of these financial statements. At the date of this report, CCSA-JPA's audited financial statements for June 30, 2025 were not available. CCSA-JPA financial statements are available upon request from the entity.

Total payments made to CCSA-JPA during the fiscal year ended June 30, 2025, were \$273,770.

NOTE 9 LEASES – ASC 842

The Organization leases equipment under a long-term, non-cancelable lease agreement. The lease expires in April, 2028. In the normal course of business, it is expected that the lease will be renewed or replaced by similar leases.

The following table provides quantitative information concerning the Organization's lease for the year ended June 30, 2025:

Amortization of right-of-use assets	\$ 38,880
Interest on lease liabilities	<u>4,224</u>
Total lease cost	<u>\$ 43,104</u>

Other Information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from finance leases	\$ 4,224
Financing cash flows from finance leases	\$ 40,975

Right-of-use assets obtained in exchange for new finance lease liabilities:

Weighted-average remaining lease term - finance leases	2.8 Years
Weighted-average discount rate - finance leases	3.00%

**CHIME INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 LEASES – ASC 842 (CONTINUED)

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

	Finance
2026	47,736
2027	47,736
2028	<u>39,780</u>
Undiscounted cash flows	135,252
(Less) Imputed interest	(7,570)
Total present value	<u><u>\$ 127,682</u></u>

Short-term lease liabilities	\$ 43,425
Long-term lease liabilities	84,257
	<u><u>\$ 127,682</u></u>

NOTE 10 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 required reimbursement would not be material.

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

SUPPLEMENTARY INFORMATION

CHIME INSTITUTE
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2025

	Instructional Minutes		Traditional Calendar Days	Status
	Requirement	Actual		
Transitional Kindergarten	36,000	46,480	178	In Compliance
Kindergarten	36,000	44,700	178	In Compliance
Grade 1	50,400	51,890	178	In Compliance
Grade 2	50,400	52,100	178	In Compliance
Grade 3	50,400	52,100	178	In Compliance
Grade 4	54,000	54,295	178	In Compliance
Grade 5	54,000	54,295	178	In Compliance
Grade 6	54,000	56,755	178	In Compliance
Grade 7	54,000	56,755	178	In Compliance
Grade 8	54,000	56,755	178	In Compliance

CHIME INSTITUTE
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
YEAR ENDED JUNE 30, 2025

	Second Period Report		Annual Report	
	Classroom		Classroom	
	Based	Total	Based	Total
Grades TK/K-3	327.82	330.98	328.76	331.68
Grades 4-6	222.52	224.98	223.10	225.24
Grades 7-8	123.88	125.20	123.82	124.96
ADA Totals	<u>674.22</u>	<u>681.16</u>	<u>675.68</u>	<u>681.88</u>

CHIME INSTITUTE
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

	CISCS
June 30, 2025 Annual Financial Report Fund Balances (Net Assets)	\$ 6,222,808
Adjustments and Reclassifications:	
Increasing (Decreasing) the Fund Balance (Net Assets):	
Cash and Cash Equivalents	(1,960,089)
Investments	1,976,231
Accounts Receivable - Federal and State	123,566
Accounts Receivable - Other	(79,406)
Intracompany Accounts Receivable	105,883
Prepaid Expenses and Other Assets	(115,690)
Accounts Payable and Accrued Liabilities	(35,622)
Deferred Revenue	9,057
Net Adjustments and Reclassifications	<hr/> 23,930 <hr/>
June 30, 2025 Audited Financial Statement Fund Balances (Net Assets)	<hr/> \$ 6,246,738 <hr/>

**CHIME INSTITUTE
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

PURPOSE OF SCHEDULES

NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME

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

NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE

Average daily attendance is a measurement of the number of pupils attending classes of 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 charter schools. This schedule provides information regarding the attendance of students at various grade levels.

NOTE 3 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

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

OTHER INFORMATION

**CHIME INSTITUTE
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)**

CISCS became an independent charter school under Los Angeles Unified School District (the District) in August of 2001. The Organization is located in San Fernando Valley area in the County of Los Angeles. There were no changes in the boundaries of the Organization during the current year. The Organization operates an elementary and middle school, an Infant/Toddler Program, and a Preschool Inclusion Program.

The charter school number is: 0417

The board of directors and the administrators as of the year ended June 30, 2025 were as follows:

BOARD OF DIRECTORS

Member	Office	Term	Term Expires
Patrick Smith	President	3 Years	May 2026
Joshua Mark	CFO	2 Years	May 2027
Marc Polansky	Secretary	2 Years	May 2027
Dawn Hamilton	Director	2 Years	May 2026
Traci Myman	Director	2 Years	May 2026
Matt Rinnert	Director	2 Years	August 2026
Beth Lasky	Director	2 Years	January 2027
Keisha Carroll	Director	2 Years	January 2027
Kate Kodet	Director	2 Years	January 2027

ADMINISTRATOR

Erin Studer	Executive Director
Annie Cox	Executive Director of Early Education Programs



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

Board of Directors
CHIME Institute
Woodland Hills, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of CHIME Institute (the Organization), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, cash flows, and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated December 7, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Ontario, California
December 7, 2025



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

Board of Directors
CHIME Institute
Woodland Hills, California

Report on Compliance

Opinion on State Compliance

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

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

Basis for Opinion

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

Auditors' Responsibility for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Not Applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Not Applicable
Career Technical Education Incentive Grant (CTEIG)	Not Applicable
Transitional Kindergarten	Yes
Expanded Learning Opportunities Program	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	Not Applicable

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance.

Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Ontario, California
December 7, 2025

**CHIME INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

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

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

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

**CHIME INSTITUTE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

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



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