

**ESCUELA XOCHITL TONATIUH, INC.
DBA: SUNRISE MIDDLE SCHOOL
CHARTER SCHOOL NUMBER: 1290**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2025



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**ESCUELA XOCHITL TONATIUH, INC.
DBA: SUNRISE MIDDLE SCHOOL
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YEAR ENDED JUNE 30, 2025**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Escuela Xochitl Tonatiuh, Inc.
dba: Sunrise Middle School
San Jose, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Escuela Xochitl Tonatiuh, Inc. dba: Sunrise Middle School (the School), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows 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 School 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 audit 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 Escuela Xochitl Tonatiuh, Inc. dba Sunrise Middle School 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 School'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 School'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 School'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 School's financial statements as a whole. The accompanying supplementary schedules, 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 in in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 13, 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 on 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.



CliftonLarsonAllen LLP

Ontario, California
October 13, 2025

**ESCUELA XOCHITL TONATIUH, INC.
DBA: SUNRISE MIDDLE SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 461,392
Investments	936,772
Accounts Receivable - Federal and State	482,829
Prepaid Expenses and Other Assets	123,011
Total Current Assets	<u>2,004,004</u>

LONG-TERM ASSETS

Right of Use Lease Asset - Operating	19,882
Property, Plant, and Equipment, Net	58,363
Total Long-Term Assets	<u>78,245</u>

Total Assets	<u><u>\$ 2,082,249</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	\$ 166,347
Deferred Revenue	352,153
Operating Lease Liability, Current Portion	5,800
Total Current Liabilities	<u>524,300</u>

LONG-TERM LIABILITIES

Operating Lease Liability	14,082
Total Long-Term Liabilities	<u>14,082</u>

Total Liabilities	538,382
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NET ASSETS

Without Donor Restrictions	1,543,867
Total Net Assets	<u>1,543,867</u>

Total Liabilities and Net Assets	<u><u>\$ 2,082,249</u></u>
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See accompanying Notes to Financial Statements.

**ESCUELA XOCHITL TONATIUH, INC.
DBA: SUNRISE MIDDLE SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

REVENUES, WITHOUT DONOR RESTRICTION

State Revenue:	
Principal Apportionment	\$ 506,774
Other State Revenue	1,773,845
Federal Revenue:	
Grants and Entitlements	506,328
Local Revenue:	
In-Lieu Property Tax Revenue	2,827,403
Contributions	237,805
Other Revenue	5,746
Investment Income	47,970
Total Revenues	<u>5,905,871</u>

EXPENSES

Program Services	4,877,898
Management and General	923,673
Fundraising	17,873
Total Expenses	<u>5,819,444</u>

CHANGE IN NET ASSETS

86,427

Net Assets - Beginning of Year

1,457,440

NET ASSETS WITHOUT DONOR RESTRICTION, END OF YEAR

\$ 1,543,867

See accompanying Notes to Financial Statements.

ESCUELA XOCHITL TONATIUH, INC.
DBA: SUNRISE MIDDLE SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and Wages	\$ 2,849,286	\$ 358,125	\$ -	\$ 3,207,411
Pension Expense	364,487	26,177	-	390,664
Other Employee Benefits	305,543	38,401	-	343,944
Payroll Taxes	92,956	21,236	-	114,192
Legal Expenses	-	2,953	-	2,953
Accounting Expenses	-	45,992	-	45,992
Other Fees for Services	149,601	146,110	17,873	313,584
Advertising and Promotion Expenses	1,899	1,764	-	3,663
Office Expenses	34,619	45,578	-	80,197
Information Technology Expenses	25,461	20,948	-	46,409
Occupancy Expenses	303,259	17,312	-	320,571
Travel Expenses	-	2,147	-	2,147
Conference and Meeting Expenses	1,549	4,966	-	6,515
Depreciation Expense	-	15,416	-	15,416
Insurance Expense	-	54,947	-	54,947
Other Expenses	475,017	121,601	-	596,618
Instructional Materials	274,221	-	-	274,221
Total Expenses by Function	<u>\$ 4,877,898</u>	<u>\$ 923,673</u>	<u>\$ 17,873</u>	<u>\$ 5,819,444</u>

See accompanying Notes to Financial Statements.

**ESCUELA XOCHITL TONATIUH, INC.
DBA: SUNRISE MIDDLE SCHOOL
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 86,427
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	15,416
Unrealized (Gains) and Losses	(572)
Change in Operating Assets:	
Accounts Receivable - Federal and State	15,118
Prepaid Expenses and Other Assets	(64,118)
Right of Use Lease Asset - Operating	5,536
Change in Operating Liabilities:	
Accounts Payable and Accrued Liabilities	(113,170)
Deferred Revenue	(674,153)
Operating Lease Liability	(5,536)
Net Cash Used by Operating Activities	<u>(735,052)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments	(1,857,000)
Proceeds from Sale of Investments	<u>1,857,563</u>
Net Cash Provided by Investing Activities	<u>563</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

(734,489)

Cash and Cash Equivalents - Beginning of Year

1,195,881

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 461,392

See accompanying Notes to Financial Statements.

**ESCUELA XOCHITL TONATIUH, INC.
DBA: SUNRISE MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The mission of Escuela Xochitl Tonatiuh, Inc. dba: Sunrise Middle School (the School) is to provide a meaningful and stimulating alternative to mainstream education for 5th through 8th grade students. The School is a California nonprofit public benefit corporation funded principally through State of California public education monies received through the California Department of Education (CDE).

The School was originally chartered through the San Jose Unified School District (the District) through 2014. In March of 2014, the Santa Clara County Office of Education (SCCOE) renewed the School's charter through 2019 and has subsequently renewed the School's charter through June 2027. The charter may be revoked by SCCOE for material violations of the charter, failure to meet student 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.

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.

**ESCUELA XOCHITL TONATIUH, INC.
DBA: SUNRISE MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Functional Allocation of Expenses

Costs of providing the School'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, pension, benefits, payroll taxes, and office expenses, which are allocated on the basis of estimates of time and effort. Occupancy related expenses are allocated based on the estimated facility square footage usage.

Cash and Cash Equivalents

The School 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.

Investments

Investments are recorded at fair value. Both unrealized gains and losses from the fluctuation of fair value and realized gains and losses from the sale of certificates of deposits are reflected in the statement of activities.

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 market value if donated. Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful lives of the asset. The School capitalizes all expenditures for land, buildings, and equipment in excess of \$5,000.

Revenue Recognition

Amounts received from the California Department of Education are conditional and recognized as revenue by the School based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in temporarily restricted net assets.

ESCUELA XOCHITL TONATIUH, INC.
DBA: SUNRISE MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 contributions 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 are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the School 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 School has conditional grants of \$1,541,930 of which \$352,153 is recognized as deferred revenue in the statement of financial position.

Income Taxes

The School 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 School is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The School files and exempt School return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

Oversight Fees

The County receives 1% of the School's annual ADA-related revenues for supervisory oversight and administrative services.

Evaluation of Subsequent Events

The School has evaluated subsequent events through October 13, 2025, the date these financial statements were available to be issued.

ESCUELA XOCHITL TONATIUH, INC.
DBA: SUNRISE MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The School 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 School's right to use an underlying asset for the lease term and lease liabilities represent the School'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. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The School 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 right of use assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

The School 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 School'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 School considers factors such as if the School 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.

ESCUELA XOCHITL TONATIUH, INC.
DBA: SUNRISE MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those 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 the following as of June 30, 2025:

Cash and Cash Equivalents	\$ 461,392
Certificates of Deposit	936,772
Accounts Receivable - Federal and State	482,829
Total	<u>\$ 1,880,993</u>

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

NOTE 3 CONCENTRATION OF CREDIT RISK

The School maintains bank accounts with one financial institution. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At times, cash in these accounts exceeds the insured amounts. The School 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 MEASUREMENTS

Certificates of deposit are stated at fair value and are measured on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in unrestricted revenues support unless the income or loss is restricted by donor or law.

GAAP establishes a fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

GAAP describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in an active market for identical assets. The School had no Level 1 investments at June 30, 2025.

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

ESCUELA XOCHITL TONATIUH, INC.
DBA: SUNRISE MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 – The School's own assumptions about market participation, including unobservable assumptions about risk, developed based on the best information available in the circumstances. The School had no Level 3 investments at June 30, 2025.

Investments held at June 30, 2025 consist of Level 2 in accordance to the fair value measurement. Investments at June 30, 2025 consist of the following:

	Level 2 Total
Certificates of Deposit	\$ 936,772

NOTE 5 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment in the accompanying financial statements is presented net of accumulated depreciation. Depreciation expense was \$15,416 for the year ended June 30, 2025.

Property, plant, and equipment consisted of the following as of June 30, 2025:

Leasehold Improvements	\$ 222,430
Equipment	96,791
Total Property, Plant, and Equipment	319,221
Less: Accumulated Depreciation and Amortization	(260,858)
Total Property, Plant, and Equipment, Net	\$ 58,363

NOTE 6 LEASES

The School leases equipment under a long-term, non-cancelable lease agreement. The lease expires on September 30, 2028. In the normal course of business, it is expected that this lease will be renewed or replaced by a similar lease. The following table provides quantitative information concerning the School's lease for the year ended June 30, 2025:

Lease Costs	
Operating Lease Costs	\$ 6,580
Other Information:	
Operating Cash Flows from Operating Leases	6,580
Right-Of-Use Assets Obtained in Exchange for New	-
Operating Lease Liabilities	
Weighted-Average Remaining Lease Term -	3.25 Years
Operating Leases	
Weighted-Average Discount Rate - Operating	4.67%

**ESCUELA XOCHITL TONATIUH, INC.
DBA: SUNRISE MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 LEASES (CONTINUED)

The School 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:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 6,580
2027	6,580
2028	6,580
2029	1,645
Total Lease Payments	21,385
Less: Interest	(1,503)
Present Value of Lease Liabilities	<u>\$ 19,882</u>

NOTE 7 EMPLOYEE RETIREMENT

State Teachers' Retirement System (STRS)

Plan Description

The School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiemployer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2024 total STRS plan net assets are \$341 billion, the total actuarial present value of accumulated plan benefits is \$482 billion, contributions from all employers totaled \$8.577 billion, and the plan is 76.7% funded. The School did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826 and www.calstrs.com.

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.205% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for year ended June 30, 2025 was 19.10% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

**ESCUELA XOCHITL TONATIUH, INC.
DBA: SUNRISE MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 EMPLOYEE RETIREMENT (CONTINUED)

State Teachers' Retirement System (STRS) (Continued)
Funding Policy (Continued)

The School's contributions to STRS for the past three years are as follows:

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2023	\$ 324,573	100%
2024	322,421	100%
2025	375,764	100%

Defined Contribution Plan

The School offers a defined contribution retirement plan to its qualifying employees. Contributions are made to the plan through employee elective deferrals and discretionary employer matching contributions. Employer contributions for the year ended June 30, 2025 were \$14,900.

NOTE 8 LINE OF CREDIT

The School has a line of credit for \$93,000. It carries a fixed annual rate of 15.25% and does not expire. The School has no outstanding balance as of June 30, 2025.

NOTE 9 FACILITY USE AGREEMENT

The School has a Facilities Use Agreement with the District through June 30, 2027. The agreement requires the School to pay a Pro Rata Share and FMV Use Fees that are calculated annually based on the projected enrolled students and amount of space used. For the year ended June 30, 2025, the School paid \$23,955 monthly for a total lease expense of \$287,458.

Estimated future payments under this agreement are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 287,458
2027	287,458
Total	<u>\$ 574,916</u>

**ESCUELA XOCHITL TONATIUH, INC.
DBA: SUNRISE MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 CONTINGENCIES, RISKS AND UNCERTAINTIES

The School 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.

SUPPLEMENTARY INFORMATION

ESCUELA XOCHITL TONATIUH, INC.
DBA: SUNRISE MIDDLE SCHOOL
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Instructional Minutes		Traditional Calendar	Status
	Requirement	Actual	Days	
Grade 5	54,000	65,422	180	In Compliance
Grade 6	54,000	65,422	180	In Compliance
Grade 7	54,000	65,932	180	In Compliance
Grade 8	54,000	65,932	180	In Compliance

See accompanying Notes to Supplementary Information.

ESCUELA XOCHITL TONATIUH, INC.
DBA: SUNRISE MIDDLE SCHOOL
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
Grades 5-6	101.58	101.58	101.03	101.03
Grades 7-8	171.18	171.18	170.92	170.92
ADA Totals	272.76	272.76	271.95	271.95

See accompanying Notes to Supplementary Information.

**ESCUELA XOCHITL TONATIUH, INC.
DBA: SUNRISE MIDDLE SCHOOL
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)**

There were no differences between the Annual Financial Report and the Audited Financial Statements.

See accompanying Notes to Supplementary Information.

**ESCUELA XOCHITL TONATIUH, INC.
DBA: SUNRISE MIDDLE SCHOOL
NOTES TO SUPPLEMENTARY INFORMATION
YEAR ENDED 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 School and whether the School complied with the provisions of the California Education Code.

NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE

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

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 school as reported on the Annual Financial Report form to the audited financial statements.

**ESCUELA XOCHITL TONATIUH, INC.
DBA: SUNRISE MIDDLE SCHOOL
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

Escuela Xochitl Tonatiuh, Inc. dba: Sunrise Middle School is a California nonprofit public benefit corporation and operates a charter school approved by the San Jose Unified School District in 2011. The Santa Clara County Office of Education (SCCOE) has subsequently renewed the School's charter through June 2027.

Escuela Xochitl Tonatiuh, Inc. dba: Sunrise Middle School charter number: 1290

The Board of Directors and the Administrator for the fiscal year ended June 30, 2025 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term End (3-Year Term)</u>
Kermit Cuff	Chair	June 30, 2026
Eddie Rocha	Vice Chair	June 30, 2027
Jorge Sosa	Treasurer	June 30, 2027
Deisy Flores	Secretary, Parent Representative	June 30, 2026
Omar Reynoso	Member	June 30, 2027

ADMINISTRATOR

Teresa Robinson	Executive Director
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**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
Escuela Xochitl Tonatiuh, Inc.
dba: Sunrise Middle School
San Jose, 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 Escuela Xochitl Tonatiuh, Inc. dba Sunrise Middle School (the School), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, the related notes to the financial statements, and have issued our report thereon dated October 13, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 School'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.

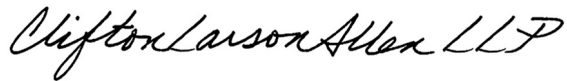
Board of Directors
Escuela Xochitl Tonatiuh, Inc.
dba: Sunrise Middle School

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School'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 statement. 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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Ontario, California
October 13, 2025



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

Board of Directors
Escuela Xochitl Tonatiuh, Inc. dba Sunrise Middle School
San Jose, California

Report on Compliance

Opinion on State Compliance

We have audited Escuela Xochitl Tonatiuh, Inc. dba Sunrise Middle School's (the School) compliance with the types of compliance requirements applicable to the School 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 School's applicable State compliance requirements are identified in the table below.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that are applicable to the School 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*. Our responsibilities under those standards and *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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 School 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 School'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 School's government 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 School'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 K12 Local Education Agencies and State Compliance Reporting* 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 School'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* 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 School'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 School'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* but not for the purpose of expressing an opinion on the effectiveness of the School'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 School'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	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	Not Applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Not Applicable
Career Technical Education Incentive Grant (CTEIG)	Not Applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Not Applicable
Kindergarten Continuance	Not Applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	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.

Board of Directors
Escuela Xochitl Tonatiuh, Inc.
dba: Sunrise Middle School

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Ontario, California
October 13, 2025

**ESCUELA XOCHITL TONATIUH, INC.
DBA: SUNRISE MIDDLE SCHOOL
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* or the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**ESCUELA XOCHITL TONATIUH, INC.
DBA: SUNRISE MIDDLE SCHOOL
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.

