



Thomas & Company, CPA, PA
Certified Public Accountants and Business Consultants

November 26, 2025

To the Board of Directors
Paladin Career & Technical High School
Charter School No. 4104
Coon Rapids, Minnesota

This Executive Audit Summary and Management Report presents information which we believe is important to you as members of the School Board. We encourage you to review the sections of this report, the audited financial statements and the auditors' reports.

We would be pleased to furnish additional information with respect to these suggestions and discuss this memorandum with you at your convenience. We wish to express our appreciation to the school for the courtesies, cooperation and assistance extended to us during the course of our work.

Thomas J. Cooper CPA PA

Thomas & Company, CPA, PA
Cooper City, Florida

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104**

**EXECUTIVE AUDIT SUMMARY (EAS)
YEAR ENDED JUNE 30, 2025**



**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
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**EXECUTIVE AUDIT SUMMARY (EAS)
PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
YEAR ENDED JUNE 30, 2025**

AUDIT FINDINGS AND RESULTS

We prepared this Executive Audit Summary and Management Report in conjunction with our audit of financial records of Paladin Career & Technical High School (the School) for the year ended June 30, 2025. We appreciate the time that staff took to work with us to complete the engagement.

Audit Opinion – The financial statements are fairly stated. We issued what is known as a “clean” or unmodified audit report.

Compliance and Other Matters (Yellow Book) – No compliance issues were noted in our review of laws, regulations, contracts and grants that could have significant financial implications to the school.

Internal Controls – Internal control deficiency or weakness were noted for the following item:

- Significant deficiency in internal control due to failure to meet the debt covenant.

Financial Statement Finding – No findings reported.

Legal Compliance – There were two items noted with respect to Minnesota Statutes related to charter schools:

- Prompt payment of claims
- Delay in issuance of Audit Report

Enrollment – For fiscal year 2024-25, the school served an average daily membership of 254.76 or 305.71 pupil units. For fiscal year 2023-24, the school had served an average daily membership of 234.99 or 281.99 pupil units.

Fund Balance – The School experienced an increase in fund balance of \$133,594 in the General Fund during fiscal year 2024-25. This increase was \$93,698 higher than what had been reflected in the School’s budget. The fund balance of the General Fund ended at \$922,206 as of June 30, 2025. We recommend that a charter school develop a long-range plan which develops and maintains a target fund balance that is at least 20% to 25% of annual expenditures. The ending unassigned fund balance on June 30, 2025, in the General Fund was \$922,206 which represents 18.41% of expenditures incurred for the year. This is an important aspect in the school’s financial well-being since a healthy fund balance represents things such as cash flow, as a cushion against unanticipated expenditures, enrollment declines, state aid metering changes, funding deficiencies and aid pro-rations at the state level and similar problems.

Budget to Actual – Total General Fund revenues on a net basis were \$138,068 (or 2.76%) higher than the final budgeted amount and total expenditures were \$11,914 (or 0.24%) higher than the final amended budget. As part of any budget update initiated for fiscal 2025-26, the Board will want to take these variances into consideration to limit budget differences to every extent possible. We recommend that budget variances in a charter school environment (which is more volatile than in a traditional school environment but on a much smaller scale) be limited to 1% to 2% on either side of zero to the extent practical once the educational program has stabilized. This may involve tightening up the budget development and monitoring process to ensure that net variances remain within those parameters and would generally include continuing to undertake at least one mid-year budget amendment to update budget assumptions.

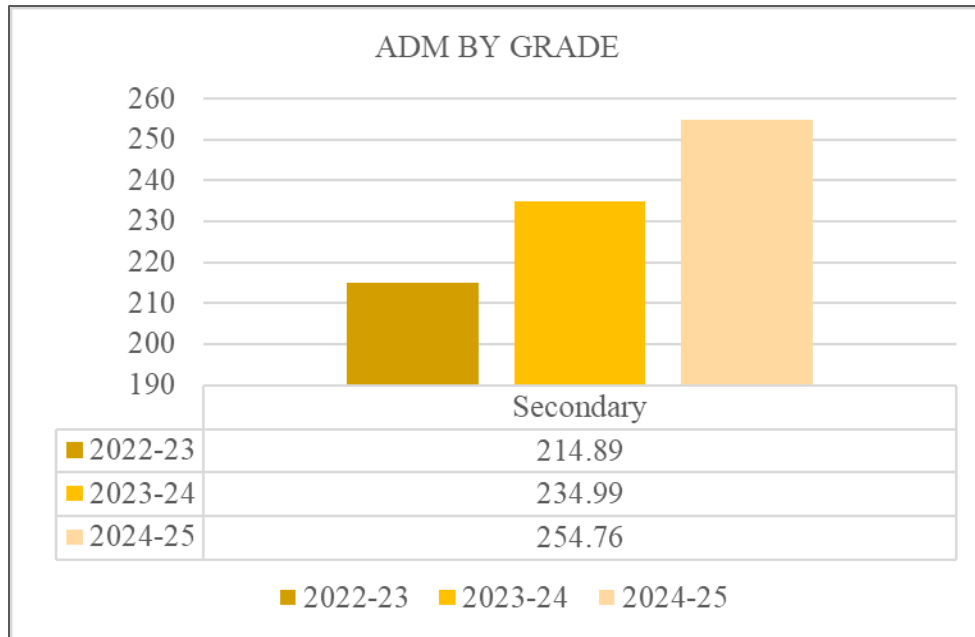
EXECUTIVE AUDIT SUMMARY (EAS)
PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
YEAR ENDED JUNE 30, 2025

Food Service Fund – Total Food Service Fund revenues on a net basis were \$8,392 (or 15.26%) lower than the final budgeted amount and total expenditures were \$12,502 (or 11.12%) lower than the final amended budget.

FINANCIAL TRENDS
PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
YEAR ENDED JUNE 30, 2025

ADM BY GRADE

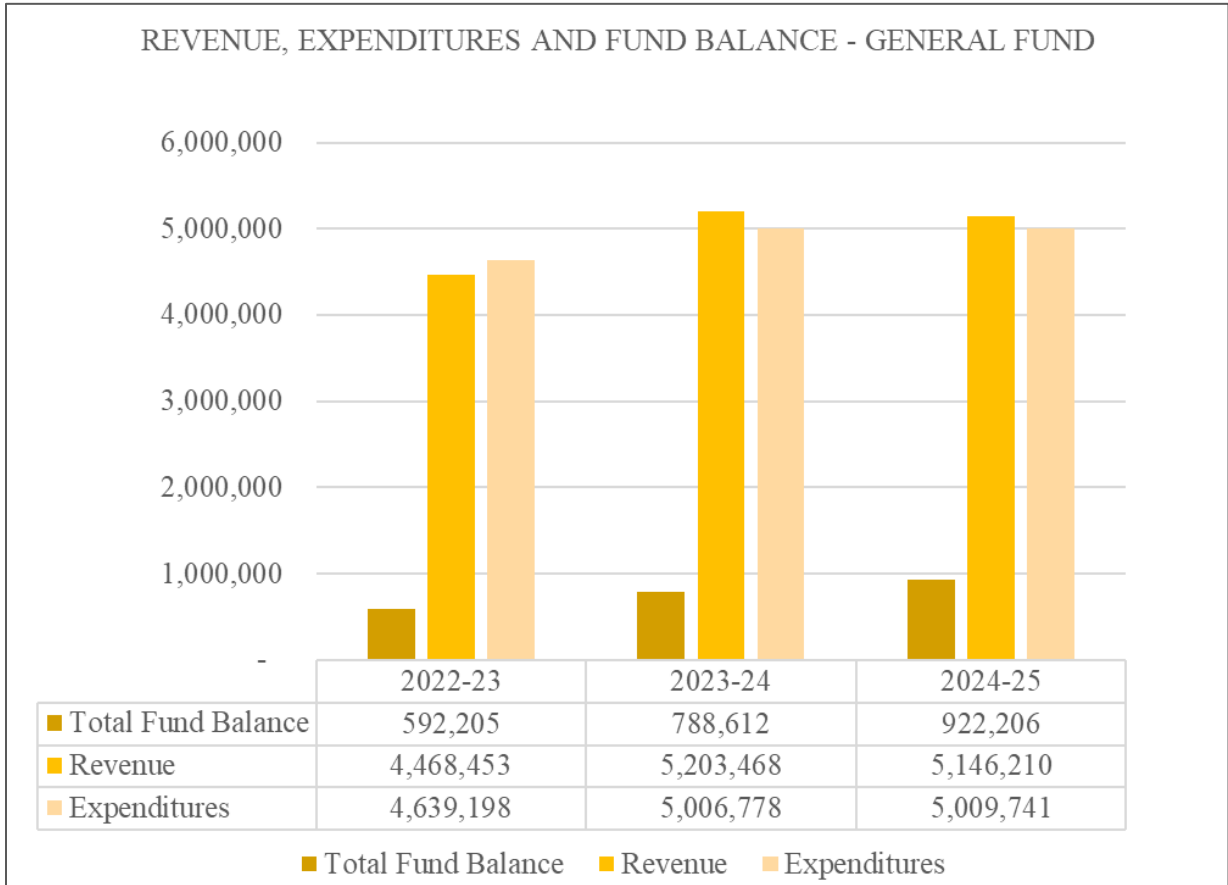
The graph illustrates the average daily student membership for grades 9 through 12 over the academic years 2022–23, 2023–24, and 2024–25. It clearly shows a consistent increase in membership, with the highest figures recorded in 2024–25 compared to the previous two years.



**FINANCIAL TRENDS
PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
YEAR ENDED JUNE 30, 2025**

REVENUE, EXPENDITURES AND FUND BALANCE - GENERAL FUND

The graph presents the General Fund's financial activity across the fiscal years 2022–23, 2023–24, and 2024–25, highlighting fund balances, total revenue, and total expenditure. Revenue increased significantly from 2022–23 to 2023–24 and slightly decreased in 2024–25 but remained strong overall. Expenditures rose from 2022–23 to 2023–24, but only slightly increased in 2024–25. The fund balance increased consistently over the last three years.



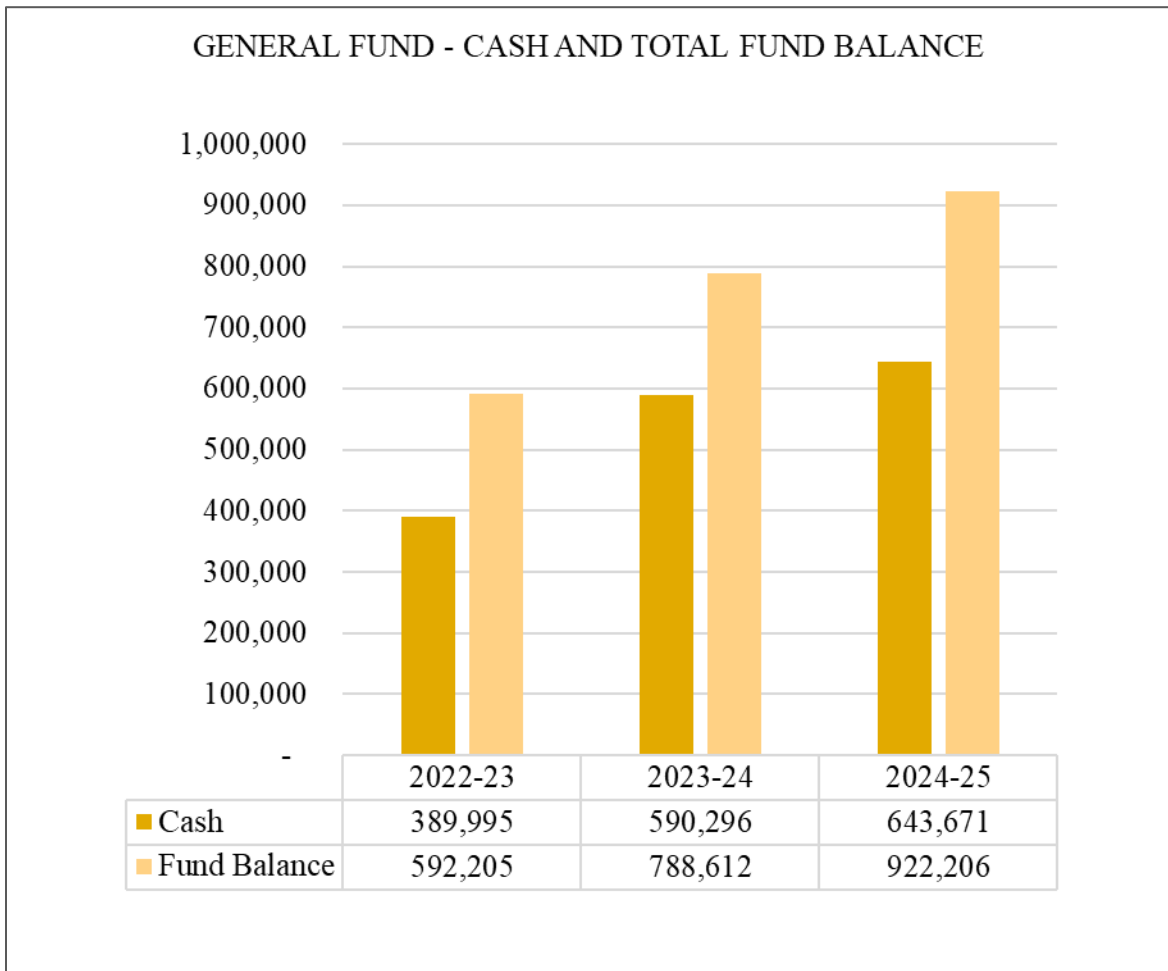
**FINANCIAL TRENDS
PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
YEAR ENDED JUNE 30, 2025**

GENERAL FUND CASH AND TOTAL FUND BALANCE

The graph shows the cash and total fund balances within the General Fund over recent years. Overall, both indicators show steady improvement, reflecting stronger liquidity and financial stability.

Cash balance increased consistently. This upward trend indicates enhanced short-term liquidity. The School has improved its ability to meet day-to-day operational needs without cash flow stress.

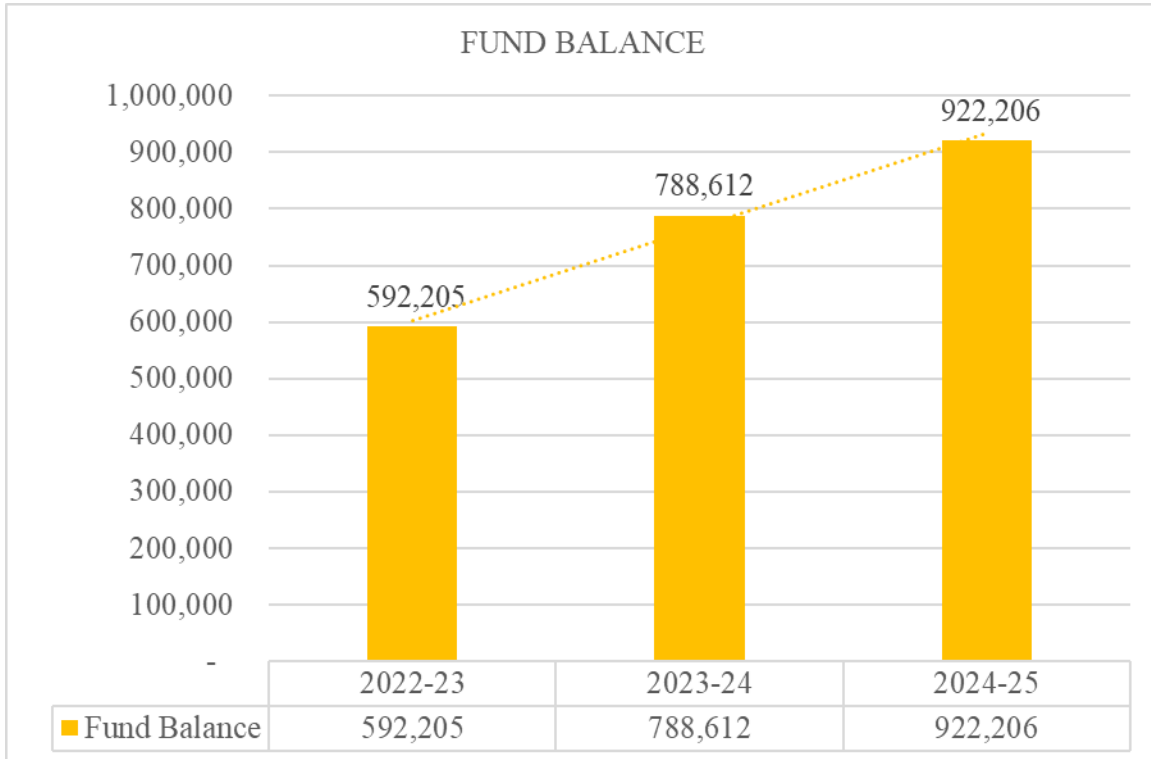
Fund balance also grew strongly. The increasing fund balance reflects positive operating results in the last two years and disciplined financial management.



FINANCIAL TRENDS
PALADIN CAREER & TECHNICAL HIGH SCHOOL
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YEAR ENDED JUNE 30, 2025

TOTAL FUND BALANCE - GENERAL FUND

The graph illustrates the fluctuations in fund balance across the fiscal years 2022–23, 2023–24, and 2024–25. The trend shows consistent and meaningful improvement in the School’s financial position. The fund balance increased each year, with a total growth of \$330,001 over the three-year period. The School generated operating surpluses in the last two years, contributing to continuous strengthening of reserves.





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APPENDIX A
FORMAL REQUIRED COMMUNICATIONS

November 26, 2025

To the Board of Directors
Paladin Career & Technical High School
Charter School No. 4104
Coon Rapids, Minnesota

We have audited the financial statements of the governmental activities and the major fund of Paladin Career & Technical High School for the year ended June 30, 2025, and have issued our report dated November 26, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 2, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Paladin Career & Technical High School are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, Paladin Career & Technical High School changed accounting policies related to Compensated Absences by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 101, Compensated Absences, in 2024-25. We noted no transactions entered into by Paladin Career & Technical High School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

- Due from Minnesota Department of Education
- Due from federal through the Minnesota Department of Education
- Estimated useful lives of depreciable capital assets
- Estimated proportionate share of PERA's and TRA's net pension liability

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Significant Audit Matters (Continued)

Qualitative Aspects of Accounting Practices (Continued)

Management's estimate of the due from Minnesota Department of Education is based on amounts anticipated to be received from the state for various aid entitlements for fiscal 2025. The most significant of these is the aid portion of general education revenue. General education revenue and certain other revenues are computed by applying an allowance per student to the number of students served by the school. Student attendance is accumulated in a statewide database, Minnesota Automated Reporting Student System (MARSS). Because of the complexity of student accounting and because of certain enrollment options, student information is input by other school districts and the MARSS data for fiscal year 2025 is not finalized until well into the next fiscal year. MDE calculates amounts owed to the school for special education excess cost tuition billing and adds the amount to the school's special education aid. Because the tuition amounts are based on estimated information, final entitlements are not expected to be known until well into the following fiscal year. Management expects any differences between estimated and actual data will be insignificant.

Management's estimate of due from federal through the Minnesota Department of Education is based on amounts anticipated to be received through the state for various federal aid entitlements for fiscal 2025. Many federal entitlements require that supporting financial reporting information be provided both in the Uniform Financial Accounting and Reporting Standards (UFARS) accounting system and also the Electronic Data Reporting System (EDRS) reporting system. To the extent that these two separate systems are not in agreement and reported in a timely manner, the estimated aid entitlement may be adversely affected. Management expects any differences between estimated and actual data will be insignificant.

Management's estimate of the useful lives for depreciable capital assets is based on guidance recommended by the Minnesota Department of Education and other sources. The useful life of a depreciable capital asset determines the amount of depreciation that will be recorded in any given reporting period as well as the amount of accumulated depreciation that is reported at the end of a reporting period.

Management's estimate of the school's proportionate share of PERA's and TRA's Net Pension Liability is based on guidance from GASB Statement No. 68 and each plan's respective allocation tables. Each plan's allocation tables allocate a portion of the plan's net pension liability based on the school's prior fiscal year contributions as a percentage of the total contributions received for the related year by the plan.

We reviewed and tested management's procedures and underlying supporting documentation in the areas discussed above and evaluated the key factors and assumptions used to develop the estimates noted above in determining that they are reasonable in relation to the financial statements taken as a whole. We concluded that the accounting estimates and management judgments appeared to consider all significant factors and resulted in appropriate accounting recognition.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant Audit Matters (Continued)

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify, and we did not notify them of any uncorrected financial statement misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 26, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Minnesota Online High School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Paladin Career & Technical High School's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention. We followed up with the previous year's findings from the auditor and followed up with the corrective actions. The findings that were issued are related to Legal Compliance and internal controls as noted above.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the TRA schedule of school's proportionate share of the net pension liability, the TRA schedule of school's contributions, the General Employees Plan schedule of school's proportionate share of the net pension liability, and the General Employees Plan schedule of school's contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Uniform Financial Accounting and Reporting Standards Compliance Table, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of Board and Management of Paladin Career & Technical High School and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Thomas & Company, CPA, PA
Cooper City, Florida