

NEW ISSUE—BOOK ENTRY ONLY

Ratings: S&P: “BBB-”
See “RATINGS” herein

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations. Bond Counsel is also of the opinion that interest on the Bonds is exempt from present State of California personal income taxes. For a more complete description of such opinions of Bond Counsel, see “TAX MATTERS” herein.



\$32,035,000*
**CALIFORNIA ENTERPRISE
DEVELOPMENT AUTHORITY**
Revenue Bonds
(The Mirman School for Gifted Children Project)
Series 2026

<u>Dated</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> ^A
Date of Delivery	June 1,	Amount*	Rate	%		13067
	_____	\$32,035,000	_____%	_____%	_____	_____

The California Enterprise Development Authority (the “**Issuer**”) intends to issue its Revenue Bonds (The Mirman School for Gifted Children Project) Series 2026 in the principal amount of \$32,035,000* (the “**Bonds**”) pursuant to an Indenture of Trust dated as of July 1, 2026 (as amended, restated, supplemented, and otherwise modified from time to time, the “**Indenture**”) between the Issuer and Wilmington Trust, National Association, as trustee (with its successors and assigns, the “**Trustee**”). The proceeds of the Bonds will be loaned by the Issuer to the Mirman School for Gifted Children, a California nonprofit public benefit corporation (with its permitted successors and assigns, the “**Borrower**”) pursuant to a Loan Agreement dated as of July 1, 2026 (as amended, restated, supplemented, and otherwise modified from time to time, the “**Loan Agreement**”) and applied, together with other available funds, to refinance the Existing Debt described herein, to finance the property acquisitions described herein, to fund a debt service reserve fund for the Bonds, to pay capitalized interest if determined by the Borrower to be necessary or desirable, and to pay certain costs of issuance of the Bonds, as more fully described herein. For more information, see “**PLAN OF FINANCE**” herein.

The Bonds will be payable from the monies held for the payment thereof by the Trustee under the Indenture, including payments to be made by the Borrower under the Loan Agreement. Interest is payable on June 1 and December 1 of each year, commencing December 1, 2026.

The Bonds will be issued as fully registered bonds in book-entry form in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”), which will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form and purchasers will not receive physical certificates representing the ownership interest in the Bonds purchased by them. The Bonds will be issued in denominations of \$5,000 and integral multiples thereof. See “**THE BONDS – Book-Entry-Only System**” herein. The Bonds are subject to optional, extraordinary optional, mandatory redemption, and purchase in lieu of redemption, as described herein under “**THE BONDS.**”

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER AS PROVIDED IN THE GOVERNMENT CODE OF THE STATE OF CALIFORNIA, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF THE TRUST ESTATE UNDER THE INDENTURE. THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER AS SET FORTH IN THE INDENTURE). NONE OF THE ISSUER, ITS MEMBERS, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, ITS MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUER HAS NO TAXING POWER. THE ISSUER SHALL NOT BE LIABLE FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM OR INTEREST ON, THE BONDS OR ANY OTHER COSTS, EXPENSES, LOSSES, DAMAGES, CLAIMS, OR ACTIONS OF ANY CONCEIVABLE KIND ON ANY CONCEIVABLE THEORY, UNDER OR BY REASON OF OR IN CONNECTION WITH THE INDENTURE, THE BONDS OR ANY OTHER DOCUMENTS, EXCEPT ONLY TO THE EXTENT AMOUNTS ARE RECEIVED FOR THE PAYMENT THEREOF FROM THE BORROWER UNDER THE LOAN AGREEMENT. NONE OF THE ISSUER, ITS MEMBERS, ANY PERSON EXECUTING THE BONDS OR ANY OFFICIAL DIRECTOR, MEMBER, OFFICER, AGENT, OR EMPLOYEE OF THE STATE OF CALIFORNIA, THE ISSUER, ANY PUBLIC AGENCY THEREOF OR ANY MEMBER THEREOF IS LIABLE PERSONALLY ON THE BONDS OR IN RESPECT OF ANY UNDERTAKINGS BY THE ISSUER UNDER THE LOAN AGREEMENT OR THE INDENTURE, OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE BONDS.

For more complete information with respect to the security for and sources of payment of the Bonds and certain risks with respect thereto, see “**SOURCES OF PAYMENT AND SECURITY FOR THE BONDS**” and “**CERTAIN BONDHOLDERS’ RISKS**” herein.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement including the Appendices attached hereto to obtain information essential to making an informed investment decision.

The Bonds are offered when, as and if issued by the Issuer and received by the Underwriter, subject to receipt of the legal opinion of Kutak Rock LLP, Bond Counsel to the Issuer. Certain legal matters will be passed upon for the Issuer by its counsel, Kutak Rock LLP; for the Borrower by its counsel, Carlton Fields, LLP; and for the Underwriter by its counsel, Polsinelli. The Bonds in definitive form are expected to be available for delivery through the facilities of The Depository Trust Company on or about July __, 2026.

STIFEL

_____, 2026

* Preliminary, subject to change.

^A CUSIP is a registered trademark of the American Bankers Association (the “**ABA**”). CUSIP data is provided by CUSIP Global Services, which is managed on behalf of the ABA by FactSet Research Systems Inc. See the additional information and limitations regarding CUSIP numbers on the inside front cover pages of this Official Statement.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.





No dealer, broker, salesperson, or other person has been authorized by the Issuer or the Borrower to give any information or to make any representations with respect to the Bonds, other than those contained in this Official Statement. Such other information or representations, if given or made, must not be relied upon as having been authorized by the Issuer or the Borrower. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof or the dates of the information contained herein.

The information with respect to the Issuer set forth herein under the captions “**THE ISSUER**” and “**LITIGATION—The Issuer**” has been furnished by the Issuer. The Issuer does not warrant the accuracy of the statements contained herein relating to the Borrower or the Project nor does it directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of the Borrower, (2) the sufficiency of the security for the Bonds or (3) the value or investment quality of the Bonds. The Issuer makes no representations or warranties whatsoever with respect to any information contained herein except for the information relating to it under the captions “**THE ISSUER**” and “**LITIGATION—The Issuer**.” The information set forth in **Appendix D** has been furnished by DTC. All other information set forth herein has been obtained from the Borrower and other sources (other than the Issuer) that are believed to be reliable. The adequacy, accuracy or completeness of such information is not guaranteed by, and is not to be construed as a representation of, the Issuer or the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, the Borrower, or DTC since the date hereof.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes” and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such forward-looking statements speak only as of the date of this Official Statement. The Issuer, the Borrower, and the Underwriter disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

The Bonds have not been and will not be registered under the Securities Act of 1933, as amended (the “**Securities Act**”), and are being issued in reliance on exemptions under the Securities Act. The Bonds are not exempt in every jurisdiction in the United States; some jurisdictions’ securities laws may require a filing and a fee to secure the Bonds’ exemption from registration. The Indenture has not been qualified

under the Trust Indenture Act of 1939, as amended (the “**Trust Indenture Act**”), in reliance upon an exemption contained in the Trust Indenture Act.

THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BORROWER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The CUSIP numbers in this Official Statement have been assigned by an organization not affiliated with the Issuer, the Borrower, or the Trustee, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of Bondholders and none of the Issuer, the Borrower, or the Underwriter makes any representation with respect to such CUSIP numbers or undertakes any responsibility for the accuracy thereof now or at any time in the future. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including but not limited to the refunding or defeasance of such issue or the use of secondary market financial products. None of the Issuer, the Borrower, or the Trustee has agreed to, nor is there any duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers printed on the inside cover hereof.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute projections or estimates of future events, generally known as “forward-looking statements.” Such statements generally are identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “may,” “believe,” “will,” “project,” “intend,” “anticipate,” “continue” or other similar words. Such forward-looking statements include, among others, certain statements in **Appendix A** to this Official Statement and certain statements under the captions “**PLAN OF FINANCE**” and “**CERTAIN BONDHOLDERS’ RISKS**” in the forepart of this Official Statement. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Neither the Borrower nor any other party plans to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions, or circumstances upon which such statements are based occur.

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\$32,035,000*
**CALIFORNIA ENTERPRISE
DEVELOPMENT AUTHORITY
REVENUE BONDS
(THE MIRMAN SCHOOL FOR GIFTED CHILDREN PROJECT)
Series 2026**

INTRODUCTION

Purpose

This Official Statement, including the cover page and appendices attached hereto, sets forth certain information in connection with the issuance by the California Enterprise Development Authority (the “**Issuer**”) of its \$32,035,000* Revenue Bonds (The Mirman School for Gifted Children Project) Series 2026 (the “**Bonds**”) pursuant to an Indenture of Trust dated as of July 1, 2026 (as amended, restated, supplemented, and otherwise modified from time to time, the “**Indenture**”) between the Issuer and Wilmington Trust, National Association, as trustee (with its successors and assigns, the “**Trustee**”). The proceeds of the Bonds will be loaned to The Mirman School for Gifted Children, a California nonprofit public benefit corporation (with its successors and assigns, the “**Borrower**”) pursuant to a Loan Agreement dated as of July 1, 2026 (as amended, restated, supplemented, and otherwise modified from time to time, the “**Loan Agreement**”) between the Issuer and the Borrower.

Sources of Payment and Security for the Bonds

The Bonds and the interest thereon are special, limited obligations of the Issuer, payable by the Issuer solely from certain payments to be made by the Borrower pursuant to the Loan Agreement (except any moneys required to be deposited in the Rebate Fund) and certain other funds held by the Trustee pursuant to the Indenture (including the Debt Service Reserve Fund), and not from any other fund or source of the Issuer. Upon their issuance, the Bonds are secured by the Loan Agreement and by the Debt Service Reserve Fund as described herein. The Loan Agreement requires the Borrower to make payments thereunder in amounts sufficient to pay when due the principal and redemption price of and interest on the Bonds. The payments pursuant to the Loan Agreement are an unsecured general obligation of the Borrower unless the Deed of Trust is delivered in accordance with the Loan Agreement. The Borrower is permitted to incur additional indebtedness if it satisfies the related requirements of the Loan Agreement. Such additional indebtedness, if issued, may be either unsecured or secured by certain property of the Borrower, and may be entitled to payment prior to payment on the Bonds. The Borrower is restricted by the Loan Agreement from placing certain liens on the property that would be subject to the Deed of Trust, if delivered, which negative pledge will be recorded in the applicable county land records. See “**SOURCES OF PAYMENT AND SECURITY FOR THE BONDS.**”

Use of Proceeds

The proceeds of the Bonds will be loaned to the Borrower and applied, together with other available funds, (a) to refinance the Existing Debt described herein, (b) to finance the property acquisitions described herein, (c) to fund a debt service reserve fund for the Bonds, (d) to pay capitalized interest if determined by the Borrower to be necessary or desirable, and (e) to pay costs of issuance of the Bonds. See “**PLAN OF FINANCE**” and “**ESTIMATED SOURCES AND USES OF FUNDS.**”

* Preliminary, subject to change.

THE ISSUER

The Issuer is a joint exercise of powers authority organized and operating under the provisions of Article 1 through Article 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended (the “Act”) and a Joint Exercise of Powers Agreement, dated June 1, 2006 (the “**Joint Powers Agreement**”), among the cities of Eureka, Lancaster and Selma and other public agencies who have and may subsequently become associate members of the Issuer and is authorized by the Act to issue bonds, notes or other evidences of indebtedness, or certificates of participation in leases or other agreements, or enter into loan agreements to, among other things, finance or refinance facilities owned and/or leased and operating by organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

The Issuer may sell and deliver obligations other than the Bonds. These obligations will be secured by instruments separate and apart from the Indenture, and the holders of such other obligations of the Issuer will have no claim on the security for the Bonds. Likewise, the Holders of the Bonds will have no claim on the security for such other obligations that may be issued by the Issuer.

Neither the Issuer nor its independent contractors has furnished, reviewed, investigated or verified the information contained in this Official Statement other than the information contained in this section and in the section entitled “**LITIGATION – The Issuer.**” The Issuer does not and will not in the future monitor the financial condition of the Borrower or otherwise monitor payment of the Bonds or compliance with the documents relating thereto.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER AS PROVIDED IN THE ACT, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF THE TRUST ESTATE UNDER THE INDENTURE. THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER AS SET FORTH IN THE INDENTURE). NONE OF THE ISSUER, ITS MEMBERS, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, ITS MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUER HAS NO TAXING POWER. THE ISSUER SHALL NOT BE LIABLE FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM OR INTEREST ON, THE BONDS OR ANY OTHER COSTS, EXPENSES, LOSSES, DAMAGES, CLAIMS OR ACTIONS ON ANY CONCEIVABLE KIND OF ANY CONCEIVABLE THEORY, UNDER OR BY REASON OF OR IN CONNECTION WITH THE INDENTURE, THE BONDS OR ANY OTHER DOCUMENTS, EXCEPT ONLY TO THE EXTENT AMOUNTS ARE RECEIVED FOR THE PAYMENT THEREOF FROM THE BORROWER UNDER THE LOAN AGREEMENT. NONE OF THE ISSUER, ITS MEMBERS, ANY PERSON EXECUTING THE BONDS OR ANY OFFICIAL, DIRECTOR, MEMBER, OFFICER, AGENT OR EMPLOYEE OF THE STATE OF CALIFORNIA, THE ISSUER, ANY PUBLIC AGENCY THEREOF OR ANY MEMBER THEREOF IS LIABLE PERSONALLY ON THE BONDS OR IN RESPECT OF ANY UNDERTAKINGS BY THE ISSUER UNDER THE LOAN AGREEMENT OR THE INDENTURE, OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE BONDS.

THE BORROWER

The Borrower is an independent non-sectarian, co-educational day school for highly gifted students in kindergarten through grade eight, located in Los Angeles, California. The Borrower is an organization described in Section 501(c)(3) of the Code and exempt from federal corporate income tax under Section 501(a) of the Code. For more information about the Borrower, see **Appendix A** and **Appendix B**.

The Borrower's current campus is located on Mulholland Drive in Los Angeles, California and is comprised of six different real estate parcels. A portion of the proceeds of the Bonds will be used by the Borrower to purchase property it currently leases on its campus and adjacent property. See "**PLAN OF FINANCE – The Project**" and **Appendix A** for more information about the Borrower and these acquisitions.

PLAN OF FINANCE

The Bonds are expected to be used, together with other available funds, (a) to refinance the Existing Debt, (b) to finance and reimburse the Borrower for costs of the Project and other capital expenditures of the Borrower, (c) to fund a debt service reserve fund for the Bonds, (d) to pay capitalized interest if determined by the Borrower to be necessary or desirable, and (e) to pay certain expenses incurred in connection with the issuance of the Bonds.

The Project

Mirman's current campus site is comprised of six different real estate parcels (the "**Current Campus**"). Of those parcels, three are owned by Mirman School, and the School leases the other three parcels (the "**Leased Current Campus Property**"). Bond proceeds will be used to acquire the Leased Current Campus Property, the aggregate purchase price for which is \$5.280 million for the real estate and \$220,000 for certain legacy rights controlled by the sellers. Upon closing, the related lease agreement will terminate, resulting in elimination of approximately \$230,000 of lease expense payable for the fiscal year ending June 30, 2027, as well as future escalation of lease expense.

Located adjacent to the Current Campus to the southwest, Mirman is under contract to acquire approximately seven acres of land currently used as three separate but adjoining parking lots (the "**Adjacent Property**"). The Adjacent Property is currently utilized by the School and others for pick-up, drop-off, and parking, which is expected to continue for the immediate future. The School will consider future uses of the Adjacent Property as part of its campus master planning process. The contracted purchase price for the Adjacent Property is \$16.0 million, which will be primarily funded with proceeds of the Bonds.

Mirman did not obtain an appraisal in connection with either purchase. The closing of each acquisition is subject to customary closing conditions, all of which the School believes will be satisfied on or prior to the date of issuance of the Bonds. Both acquisition transactions are expected to close on the date of issuance of the Bonds.

For more information about the Project and the School's campus master planning process, see **Appendix A - "CERTAIN INFORMATION CONCERNING THE MIRMAN SCHOOL FOR GIFTED CHILDREN – INTRODUCTION – Strategic Real Estate Acquisitions"** and – **STRATEGIC PLAN AND REAL ESTATE ACQUISITIONS."**

Existing Debt

The Borrower is obligated on existing debt that is outstanding in the approximate principal amount of \$9.8 million (the “**Existing Debt**”). On or prior to the date of the issuance of the Bonds, the Existing Debt will be paid in full and the documents and instruments relating to the Existing Debt will be fully discharged.

Issuer Approval

The issuance of the Bonds is subject to receiving the Issuer’s approval thereof, which is scheduled for consideration at the Issuer’s July 2, 2026 meeting. The Borrower has no reason to believe that such approval will not be obtained.

ESTIMATED SOURCES AND USES OF FUNDS

The table below sets forth the estimated sources and uses of the proceeds of the Bonds.

SOURCES OF FUNDS	Series 2026 Bonds
Principal Amount of Bonds	
[Net] Original Issue [Premium][Discount]	
TOTAL SOURCES	
USES OF FUNDS	
Acquisition Costs	
Refinancing of Existing Debt	
Debt Service Reserve Fund ⁽¹⁾	
Costs of Issuance ⁽²⁾	
TOTAL USES	

⁽¹⁾ Equal to the Debt Service Reserve Fund Requirement (as defined in the Indenture) as of the Date of Issuance

⁽²⁾ Includes Issuer fee, underwriter’s discount, legal fees, Trustee’s fee, rating agency fees, printing expenses and other miscellaneous costs and expenses related to the issuance and sale of the Bonds.

THE BONDS

Description of the Bonds

The Bonds will be dated the date of delivery and bear interest and mature as set forth on the cover page of this Official Statement. Interest on the Bonds is payable on June 1 and December 1 of each year, commencing December 1, 2026 (each, an “**Interest Payment Date**”). Each Bond shall bear interest from the date of initial issuance of the Bonds. Interest on the Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds are issued only as fully registered bonds without coupons. The Bonds will be issued in the denominations of \$5,000 and integral multiples thereof (“**Authorized Denominations**”). Subject to the provisions relating to the book-entry only system with respect to the Bonds described under the heading “**Book-Entry-Only System**” below, principal of any Bond and any premium upon redemption shall be paid by check in lawful money of the United States of America upon presentation and surrender of such Bond at the Corporate Trust Office of the Trustee.

Interest is payable on each Interest Payment Date to the person whose name appears on the Bond Register as the Holder thereof as of the close of business on the fifteenth calendar day (whether or not a Business Day) of the month immediately preceding such Interest Payment Date (the “**Regular Record Date**”), such interest to be paid by check of the Trustee mailed on the Interest Payment Date by first-class mail to the Holder at the address of such Holder as it appears on the Bond Register; provided however, that payment of interest will be made by wire transfer in immediately available funds to an account at a financial institution in the United States of America to any Holder of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee before the applicable Regular Record Date; provided, further however, for so long as the Bonds are held in the book-entry system of the Securities Depository, payment shall be subject to the provisions relating to the book-entry only system with respect to the Bonds described under the heading “**Book-Entry-Only System**” below. Any such written request shall remain in effect until rescinded in writing by the Holder. Principal of and interest and premium, if any, on the Bonds shall be payable in lawful money of the United States of America.

Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Bondholder on such Regular Record Date and shall be paid to the person in whose name the Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest. The Special Record Date shall be fixed by the Trustee, notice thereof being given to the Bondholders not less than ten (10) days prior to such Special Record Date.

Redemption Prior to Maturity

Optional Redemption.

The Bonds maturing are subject to redemption prior to their scheduled maturities, on or after June 1, ____, at the option of the Borrower, as a whole or in part on any date, from funds derived by the Borrower from any source, at a Redemption Price of 100% of the principal amount thereof to be redeemed, together, with, interest accrued thereon to the redemption date.

Purchase in Lieu of Redemption. When the Bonds are subject to optional redemption, at the option of the Borrower, such Bonds may be purchased in lieu of redemption from moneys paid by or on behalf of the Borrower on the applicable redemption date at a purchase price equal to the applicable redemption price established for such optional redemption, including redemption premium, if any, and such Bonds shall be purchased, and not redeemed, with moneys deposited for such purchase. Any such purchase of Bonds by or on behalf of the Borrower or advance or use of any moneys to effectuate such purpose shall not be deemed to be a redemption of such Bonds or any portion thereof, and such purchase shall not operate to extinguish or discharge the indebtedness evidenced by such Bonds.

Extraordinary Optional Redemption from Insurance and Condemnation Proceeds. The Bonds are subject to redemption prior to their stated maturity, at the option of the Borrower as a whole or in part on any date from moneys required to be transferred from the Insurance and Condemnation Proceeds Fund to the Special Redemption Account at a redemption price equal to the principal amount thereof together with interest accrued thereon to the date fixed for redemption, without premium. See **Appendix C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE & LOAN AGREEMENT – INDENTURE – Insurance and Condemnation Proceeds Fund”** and “– LOAN AGREEMENT – Insurance – Insurance and Condemnation Proceeds” for a summary of the provisions governing funding, establishment, and application of the Insurance and Condemnation Proceeds Fund.

Mandatory Redemption Upon Determination of Taxability. The Bonds are also subject to mandatory redemption prior to their stated maturity, as a whole, on any Business Day not more than sixty

(60) days after the Trustee receives notice of a Determination of Taxability with respect to such Bonds, at a redemption price of par, plus interest accrued thereon to the date of redemption, without premium. **“Determination of Taxability”** means interest on the Bonds, or any of them, is determined not to be excludable from taxable gross income of the Holder thereof by a final administrative determination of the Internal Revenue Service or final judicial decision of a court of competent jurisdiction in a proceeding of which the Borrower received a notice. A determination or decision will not be considered final for this purpose until the conclusion of any appellate review, if sought.

Notice of Redemption. Notice of redemption is required to be given by the Trustee to the respective Holders of any Bonds designated for redemption at their addresses appearing on the Bond Register. Each notice of redemption shall state the date of such notice, the redemption date (which redemption date shall not be less than forty (40) days or such shorter period after notice of redemption shall have been delivered to the Trustee by the Borrower pursuant to the Loan Agreement), the Redemption Price (including any premium), the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the maturities of Bonds to be redeemed, the CUSIP number, if any, of the maturity to be redeemed, and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice.

Any notice of redemption shall be given by Electronic Means or mailed by first-class mail, postage prepaid, to Bondholders not less than forty (40) days prior to the date fixed for redemption. Neither failure to receive any notice nor any defect in such notice so given shall affect the sufficiency of the proceedings for the redemption of such Bonds. Failure by the Trustee to give notice pursuant to these provisions of the Indenture, or the insufficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption of Bonds for which notice was properly given.

Any notice of redemption given under the Indenture in connection with an extraordinary optional redemption from insurance and condemnation proceeds may be rescinded upon Written Request of the Borrower, at any time up to and including the fifth Business Day prior to the date fixed for redemption. The Trustee shall give notice of such rescission in the same manner as for notices of redemption.

Partial Redemption of Bonds; Selection of Bonds. Upon surrender of any Bond redeemed in part only, the Issuer shall execute, and the Trustee shall authenticate and deliver to the Holder thereof, at the expense of the Borrower, a new Bond or Bonds of Authorized Denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered bearing the same interest rate and maturity date. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Borrower shall select the maturities of the Bonds to be redeemed and the Trustee shall select the Bonds within each maturity to be redeemed or such given portion thereof not previously called for redemption by lot in any manner which the Trustee in its sole discretion shall deem appropriate.

Effect of Redemption. Moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice and interest accrued thereon to the redemption date, interest on the Bonds so called for redemption shall cease to accrue from and after the redemption date, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Holders of said Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest to the redemption date.

Acceleration

In addition to the foregoing redemption provisions, the Trustee may declare all of the Bonds due and payable at par prior to maturity during the continuance of an Event of Default under the Indenture. See **Appendix C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE & LOAN AGREEMENT – INDENTURE – Events of Default and Remedies.**

Book-Entry-Only System

The Bonds will be registered in the name of Cede & Co., as nominee for DTC. Purchases of beneficial interests in the Bonds will be made only in book-entry form. Purchasers of beneficial interests in the Bonds (the “**Beneficial Owners**”) will not receive physical delivery of certificates representing their interest in the Bonds. Interest on the Bonds, together with principal of the Bonds, will be paid by the Trustee directly to DTC, so long as DTC or its nominee is the registered owner of the Bonds. The final disbursement of such payments to Beneficial Owners of the Bonds will be the responsibility of DTC’s Direct Participants and Indirect Participants, all as defined and more fully described herein. See **Appendix D.**

Registration, Transfer and Exchange

The Trustee has been appointed bond registrar for the Bonds and as such will maintain the books of the Issuer for the registration or ownership of the Bonds. Subject to the provisions relating to the Book-Entry-Only System described above, any Bonds may be transferred upon presentation and surrender thereof at the Corporate Trust Office of the Trustee, together with a written instrument of transfer duly executed by the Holder or its duly authorized representative in form satisfactory to the Trustee, and Bonds may be exchanged at the Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds bearing a like interest rate and maturity date of other Authorized Denominations. Exchanges and transfers will be without expense to the Holder except for applicable taxes or other governmental charges, if any. The Trustee will not be required to make an exchange or transfer of any Bonds during the period established by the Trustee for selection of Bonds of the same maturity that has been selected for redemption.

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DEBT SERVICE REQUIREMENTS

The following table sets forth, for each fiscal year of the Borrower ending June 30, the amounts required to be made available in such year by the Borrower for the payment of the principal of and interest on the Bonds. Upon the issuance of the Bonds and the application of the proceeds thereof, the Borrower will have no other outstanding long-term indebtedness.

Fiscal Year Ending June 30,	Principal	Series 2026 Bonds Interest	Total Annual Debt Service
Total			

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

Sources of Payment Generally

The Bonds and the interest thereon are special, limited obligations of the Issuer payable solely out of the payments to be made by the Borrower pursuant to the Loan Agreement and certain other available moneys specified in the Indenture, including the Debt Service Reserve Fund. Pursuant to the Loan Agreement, the Borrower agrees to make loan payments sufficient to pay in full the principal or redemption price of and interest on the Bonds. The Borrower also will be obligated under the Loan Agreement to pay certain fees and expenses (consisting generally of fees, charges and expenses of the Trustee and the Issuer) associated with the Bonds. Loan payment obligations are a general obligation of the Borrower to which the full faith and credit of the Borrower is pledged.

Under the Indenture, the Issuer assigns and pledges to the Trustee in trust upon the terms of the Loan Agreement (a) all of the Revenues and any other amounts (excluding Additional Payments paid by the Borrower) held in any fund or account established pursuant to the Indenture other than the Rebate Fund, and (b) all of the Revenues and other amounts described in (a) and all of the right, title and interest of the Issuer in the Loan Agreement (except Retained Rights).

Limited Security

On their date of issuance, the Bonds are secured only by the Debt Service Reserve Fund described below and no other collateral will be pledged to secure the repayment of the Bonds. However, upon the occurrence of certain events described below, the Borrower is required to deliver the Deed of Trust (defined below) to secure the Bonds.

Debt Service Reserve Fund

A Debt Service Reserve Fund is established under the Indenture to secure the Bonds. The Debt Service Reserve Fund is required to contain an amount not less than the maximum interest payable with respect to the Bonds during any Fiscal Year (the “**Debt Service Reserve Fund Requirement**”). The initial deposit to the Debt Service Reserve Fund from proceeds of the Bonds will be made in the amount shown under the caption “**ESTIMATED SOURCES AND USES OF FUNDS**” herein.

Moneys in the Debt Service Reserve Fund may be used for the payment of the principal of and premium, if any, and interest on the Bonds in the event moneys in the Bond Fund are insufficient to make such payments when due, whether on an Interest Payment Date, Principal Payment Date or otherwise. Upon the occurrence of an Event of Default under the Indenture, moneys in the Debt Service Reserve Fund may also be used to pay any expenses or other amounts owed by the Trustee relating to such Event of Default, including but not limited to any indemnification obligations of the Trustee. In addition, upon the occurrence of an Event of Default under and acceleration of the Bonds by the Trustee pursuant to the Indenture, any moneys in a Debt Service Reserve Fund is to be transferred by the Trustee to the Bond Fund for use to pay the Bonds, notice of which is required to be given by the Trustee to the Borrower, the Issuer, and the registered owners of the Bonds. On the Payment Date next preceding the final maturity date of the Bonds, any moneys in the Debt Service Reserve Fund are to be transferred to the Bond Fund and used to pay the principal and interest on the Bonds on their final maturity date.

Amounts on deposit in the Debt Service Reserve Fund are required to be valued by the Trustee at their fair market value each June 1 and December 1, and the Trustee is required to notify the Borrower of the results of such valuation. If the amount on deposit in the Debt Service Reserve Fund on the first (1st) Business Day following such valuation is less than one hundred percent (100%) of the Debt Service Reserve Fund Requirement, the Borrower has agreed in the Loan Agreement to make monthly deposits to such account in an amount equal to one-twelfth of the amount of such deficiency until such Debt Service Reserve Fund is replenished to the Debt Service Reserve Fund Requirement amount. If the amount on deposit in such account on the first (1st) Business Day following such valuation is greater than the Debt Service Reserve Fund Requirement, the excess may at the direction of the Borrower be withdrawn from such account and transferred to the Bond Fund.

Operating Covenants; Financial Covenants

Sale or Disposition of Assets. Subject to the other limitations in the Loan Agreement, the Borrower agrees that it will not in any Fiscal Year sell, lease, transfer or otherwise dispose of any of its property except in the circumstances described therein, which include, but are not limited to, transfers of property that in the reasonable judgment of the Borrower is property upon which none of the primary operations of the Borrower is conducted and that does not constitute a material or integral part of the primary operations of the Borrower, and sales, leases, transfers, and other dispositions in any fiscal year in an amount which, together with all other property transferred by the Borrower in such fiscal year, aggregates in excess of 5 of the total value of the Borrower’s property (calculated on the basis of the book value or, if the Borrower so elects, on the basis of current value), and other circumstances set forth in the Loan Agreement. See **Appendix C**.

Consolidation, Merger, Sale, or Conveyance. The Borrower agrees that during the term of the Loan Agreement it will not consolidate with or merge into any other Person or convey or transfer its Property substantially as an entirety to any Person, unless the conditions set forth in the Loan Agreement are met, which include but are not limited to, evidence that the rating on the Bonds, if any, at the time of such consolidation, merger, sale or transfer, will not be reduced or withdrawn solely as a result of such consolidation, merger, sale or transfer. See **Appendix C**.

Liens. Under the Loan Agreement, the Borrower covenants that it will not directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to its Property, other than Permitted Encumbrances. See **Appendix C**.

Additional Debt. The Loan Agreement provides that the Borrower may incur additional Indebtedness issued on parity with the Bonds, upon compliance with the conditions set forth therein. Such conditions include, but are not limited to, receipt of evidence of certain ratings or satisfaction of certain financial ratios on a historical and pro forma basis, and the delivery of certain certifications. See **Appendix C**. The Borrower's ability to issue Indebtedness that is not on parity with the Bonds is not limited by the Loan Agreement.

Financial Covenants. In the Loan Agreement, the Borrower agrees to maintain the hereinafter described Debt Service Coverage Ratio and Days Cash on Hand as of each June 30, commencing June 30, 2027 (each, a "**Testing Date**"). As described below, under certain circumstances where the Borrower fails to maintain the required levels, it is required to retain an "**Independent Consultant**", which is defined as an Independent management consultant or certified public accountant, and which is a recognized professional consultant in the education industry having the skill and experience necessary to render the particular report required by the provisions of the Loan Agreement in which such requirement appears, and which is acceptable to the Borrower. Upon the Borrower selecting an Independent Consultant in connection with the Debt Service Coverage Ratio and Days Cash on Hand covenants, the Borrower is required to cause a notice of the selection of such Independent Consultant to be filed with EMMA, including the following information: (i) the name of such Independent Consultant and (ii) a brief description of such Independent Consultant and their credentials.

Debt Service Coverage Ratio. For the Fiscal Year ending June 30, 2027 and each Fiscal Year thereafter, the Borrower is required to maintain a Debt Service Coverage Ratio of at least 1.10 to 1.00 (the "**Debt Service Coverage Ratio Requirement**"). No later than the Annual Reporting Date (as defined in the Continuing Disclosure Agreement), the Borrower will provide the Trustee with a Certificate of the Borrower stating whether the Borrower has met the Debt Service Coverage Ratio Requirement. If the Borrower does not satisfy the Debt Service Coverage Ratio Requirement for a particular Fiscal Year, then the Borrower is required to promptly employ an Independent Consultant to review and analyze the operations and administration of the Borrower, inspect the Facilities and other facilities of the Borrower, submit to the Borrower and Trustee written reports and make recommendations concerning the Borrower's operations, marketing practices, pricing strategy, financing practices and activities, including indebtedness, lease financing, investment activities, management practices, including the use of consultants, budgeting practices and ongoing financial systems and monitoring of the Borrower's financial condition, governance and administration practice and other factors relevant to maintaining such compliance. The Borrower agrees in the Loan Agreement to adopt and carry out the recommendations of the Independent Consultant, but this provision of the Loan Agreement shall not be construed to prohibit the Borrower from serving indigent students to the extent required for the Borrower to continue its qualification as a Tax Exempt Organization or from serving any other class or classes of students without charge or at reduced rates so long as such service does not prevent the Borrower from satisfying the other requirements of this provision of the Loan Agreement. The Borrower is not required to cause the Independent Consultant's report referred to in the Loan Agreement to be prepared more frequently than once every two Fiscal Years.

Except as otherwise described in the following paragraph, so long as the Borrower is otherwise in full compliance with its obligations under the Loan Agreement, including engaging and following the recommendations of the Independent Consultant, it shall not in and of itself constitute an Event of Default under the Loan Agreement if the Debt Service Coverage Ratio is less than the Debt Service Coverage

Ratio Requirement (as evidenced by the Borrower’s audited financial statements for such Fiscal Year and set forth in the calculation, if any, described in the preceding paragraph).

Notwithstanding the foregoing, failure to maintain the Debt Service Coverage Ratio Requirement for any two consecutive Fiscal Years, beginning with the Fiscal Year ending June 30, 2027, will constitute an Event of Default under the Loan Agreement.

“**Debt Service Coverage Ratio**” means, for each Fiscal Year, the Borrower’s Change in Net Assets Without Donor Restriction, plus interest expense, depreciation, amortization, any other one-time, extraordinary, or non-cash expenses, the appropriation from the board-designated endowment or other funds legally available for Operating Expenses (only to the extent not already captured in the Change in Net Assets Without Donor Restriction), excluding unrealized and realized gains or losses on investments and change in fair value of interest rate swaps (if applicable); divided by Debt Service.

“**Change in Net Assets Without Donor Restriction**” means the total change in net assets absent donor restriction of Borrower determined in accordance with GAAP.

“**Debt Service**” means, for each Fiscal Year, the sum of the then-current portion of long-term Indebtedness and interest expense for the prior twelve months.

Days Cash on Hand. Under the Loan Agreement, until the Bonds are no longer Outstanding, the Borrower covenants and agrees to maintain Days Cash on Hand on each Testing Date in an amount not less than ninety-five (95) days (the “**Days Cash on Hand Requirement**”). No later than the Annual Reporting Date (as defined in the Continuing Disclosure Agreement), the Borrower is required to provide the Trustee with a Certificate of the Borrower stating whether the Borrower has met the Days Cash on Hand Requirement.

If the Days Cash on Hand for any Testing Date is less than the Days Cash on Hand Requirement, the Borrower is required to promptly employ an Independent Consultant in accordance with the procedures set forth in the Loan Agreement to review and analyze the operations and administration of the Borrower, inspect the Facilities and other facilities of the Borrower, and submit to the Borrower and Trustee written reports, and make recommendations concerning the Borrower’s operations, marketing practices, pricing strategy, financing practices and activities, including indebtedness, lease financing, and investment activities, management practices, including the use of consultants, budgeting practices, ongoing financial systems and monitoring of the Borrower’s financial condition, governance and administration practice and other factors relevant to maintaining such compliance. The Borrower agrees in the Loan Agreement to adopt and carry out the recommendations of the Independent Consultant. The Borrower is required to pay for all reasonable costs associated with such Independent Consultant. This provision in the Loan Agreement shall not be construed to prohibit the Borrower from serving indigent students to the extent required for the Borrower to continue its qualification as a Tax Exempt Organization or from serving any other class or classes of students without charge or at reduced rates so long as such service does not prevent the Borrower from satisfying the other requirements of this provision of the Loan Agreement. The Borrower is not required to cause the Independent Consultant’s report referred to in the Loan Agreement to be prepared more frequently than once every two Fiscal Years.

Except as otherwise described in the following paragraph, so long as the Borrower is otherwise in full compliance with its obligations under the Loan Agreement, including engaging and following the recommendations of the Independent Consultant, it shall not in and of itself constitute an Event of Default under the Loan Agreement if the Days Cash on Hand for any Testing Date is less than the Days Cash on Hand Requirement.

Notwithstanding the foregoing, failure to maintain the Days Cash on Hand Requirement for any two consecutive Testing Dates commencing with the Testing Date of June 30, 2027 will constitute an Event of Default under the Loan Agreement.

“Days Cash on Hand” means the amount determined by dividing (1) the Borrower’s Unrestricted Cash and Investments as of a particular date by (2) the quotient derived by dividing (a) the Borrower’s total Operating Expenses (less depreciation and amortization and other non-cash items, such as, without limiting the foregoing, losses on refinancing of debt, non-cash termination value of any hedging derivative, interest rate exchange or similar contract, non-cash pension expense, other non-cash expenses, and any one-time charges in connection with development projects that have been abandoned by the Borrower) for the most recent preceding fiscal year for which audited financial statements have been delivered under the Loan Agreement, by (b) the number of days in such fiscal year.

“Operating Expenses” means all fees and expenses of the Borrower determined in accordance with GAAP, consistently applied, including, but not limited to, payments related to leases, interest payments, maintenance expenses, repair expenses, utility expenses, real estate taxes, if any, insurance premiums, administrative and legal expenses, miscellaneous operating expenses, the cost of materials and supplies used for current operations of the Borrower, the cost of vehicles, equipment leases and service contracts, taxes, if any, upon the operations of the Borrower and charges for the accumulation of appropriate reserves (excluding deposits to any reserve for replacement or maintenance of capital assets) for current expenses not annually recurrent; provided, however that “Operating Expenses” shall not include (i) capital expenditures under GAAP; (ii) depreciation and amortization expenses; or (iii) replenishments of the Debt Service Reserve Fund.

“Unrestricted Cash and Investments” means the sum of (a) cash and cash equivalents and (b) investments that can be liquidated within 45 days, in each case that are not subject to perpetual donor restriction.

Springing Deed of Trust. If at any time the rating assigned to the Bonds by the Rating Agency falls below “BBB-” (or the equivalent rating designation), within one hundred twenty (120) days after receipt of written notice of such downgrade from the Rating Agency, the Trustee or the Issuer, the Borrower is required by the Loan Agreement execute and cause to be recorded in the applicable county records for perfection thereof (currently, the Official Records of Los Angeles County, California), a deed of trust, assignment of leases and rents, security agreement and fixture filing (as amended from time to time, the **“Deed of Trust”**) encumbering the Property to secure the Borrower’s obligations under the Loan Agreement. The Property is defined as the Land and the Facilities, commonly referred to as 16180 Mulholland Drive, Los Angeles, California 90049 (which is the Current Campus as defined herein) and the parcel of land, that, as of the date of issuance of the Bonds, is identified as Assessor Parcel No. 4490-003-010 (which is the Acquired Property as defined herein).

The Deed of Trust shall be in form and substance satisfactory to the Trustee and Bond Counsel, shall name the Trustee as beneficiary for the benefit of the Holders of the Bonds, and shall constitute a first priority lien on the Property, subject only to Permitted Encumbrances. The Borrower shall pay all costs and expenses associated with the preparation, execution, recordation and enforcement of the Deed of Trust, including, without limitation, title insurance premiums, recording fees, escrow fees and reasonable attorneys’ fees. The Borrower shall deliver to the Trustee (i) a conformed copy of the recorded Deed of Trust, and (ii) such other documents, certificates and opinions as the Trustee may reasonably request. The Deed of Trust shall remain as a valid first priority lien on the Property until the earlier of (1) the date the Trustee receives evidence that the rating assigned to the Bonds by the Rating Agency is “BBB-” or higher (or the equivalent rating designation), or (2) the date that all of Bonds have been paid in full or provision for payment thereof has been made in accordance with the Indenture. At

such time as the Deed of Trust will be recorded pursuant to the provisions of the Loan Agreement, the Borrower shall obtain, at its own cost and expense the Title Policy, and an endorsement to such policy at the time of issuance of Parity Debt, in an aggregate amount not less than the aggregate principal amount of the Bonds and Parity Debt, as the case may be, to be outstanding as of the date of the recording of the Deed of Trust and each subsequent date of issuance of Parity Debt, as the case may be, payable to the Trustee and each other holder of Parity Debt (as their interests appear), insuring the title of the Borrower to the Property, subject only to Permitted Encumbrances, issued by a title insurance company qualified to do business in the State. The Trustee shall upon the earlier to occur of the events set forth in the preceding sentence reconvey the Deed of Trust and its rights thereunder to the Borrower.

See **Appendix C** for more information on the covenants and agreements of the Borrower under the Loan Agreement.

CERTAIN BONDHOLDERS' RISKS

The following is intended only as a summary of certain risk factors attendant to an investment in the Bonds and is not intended to be exhaustive. In order to identify risk factors and make informed investment decisions, potential investors should be thoroughly familiar with the entire Official Statement (including each Appendix) in order to make a judgment as to whether the Bonds are an appropriate investment. For additional information regarding the Borrower, see **Appendix A** and **Appendix B**.

Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks or other financial institutions or certain recipients of Social Security benefits are advised to consult their tax advisors as to the tax consequences of purchasing or holding the Bonds. See “**TAX MATTERS**” herein.

Limited Obligations

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER AS PROVIDED IN THE ACT, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF THE TRUST ESTATE UNDER THE INDENTURE. THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER AS SET FORTH IN THE INDENTURE). NONE OF THE ISSUER, ITS MEMBERS, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, ITS MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUER HAS NO TAXING POWER. THE ISSUER SHALL NOT BE LIABLE FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM OR INTEREST ON, THE BONDS OR ANY OTHER COSTS, EXPENSES, LOSSES, DAMAGES, CLAIMS, OR ACTIONS OF ANY CONCEIVABLE KIND ON ANY CONCEIVABLE THEORY, UNDER OR BY REASON OF OR IN CONNECTION WITH THE INDENTURE, THE BONDS OR ANY OTHER DOCUMENTS, EXCEPT ONLY TO THE EXTENT AMOUNTS ARE RECEIVED FOR THE PAYMENT THEREOF FROM THE BORROWER UNDER THE LOAN AGREEMENT. NONE OF THE ISSUER, ITS MEMBERS, ANY PERSON EXECUTING THE BONDS OR ANY OFFICIAL DIRECTOR, MEMBER, OFFICER, AGENT, OR EMPLOYEE OF THE STATE, THE ISSUER, ANY PUBLIC AGENCY THEREOF OR

ANY MEMBER THEREOF IS LIABLE PERSONALLY ON THE BONDS OR IN RESPECT OF ANY UNDERTAKINGS BY THE ISSUER UNDER THE LOAN AGREEMENT OR THE INDENTURE OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE BONDS.

Payment of Debt Service

The Bonds are limited obligations of the Issuer and are payable by the Issuer solely from payments to be made by the Borrower pursuant to the Loan Agreement and from certain funds held by the Trustee under the Indenture (including the Debt Service Reserve Fund). No representation or assurance can be given that the Borrower will realize revenues in amounts sufficient to make such payments under the Loan Agreement. The realization of future revenues is dependent upon, among other things, the demand for the Borrower's educational services, the ability of the Borrower to provide the required educational services, management capabilities, economic trends and events, the Borrower's ability to control expenses, competition, costs, legislation, governmental regulation and developments affecting the federal or state tax-exempt status of non-profit organizations and future changes in other conditions that are unpredictable. Unanticipated events and circumstances may occur that cause variations from the Borrower's expectations. The risk factors discussed below should be considered in evaluating the ability of the Borrower to make such payments in a timely manner.

Bonds Not Initially Secured by Real Property or Collateral Other Than Debt Service Reserve Fund; Additional Debt

The Indenture establishes the Debt Service Reserve Fund for payment of principal of and interest on the Bonds to the extent the amounts paid by the Borrower under the Loan Agreement are insufficient to make such payments. There is no assurance that funds on deposit in the Debt Service Reserve Fund and future amounts paid by the Borrower under the Loan Agreement will be sufficient to cover debt service on the Bonds.

On the date of issuance of the Bonds, the Borrower has not granted a mortgage on or security interest in any of its property or pledged or granted a security interest in any of its revenues or other property as security for the Bonds. Subject to compliance with the restrictions in the Loan Agreement as to Permitted Encumbrances, the Borrower may issue or incur indebtedness secured by liens on property that do not secure the Bonds (other than the Property, subject to Permitted Encumbrances), and the Bonds would be effectively subordinated to such secured indebtedness to the extent of the value of that collateral. The Borrower's incurrence of additional secured or unsecured Indebtedness could adversely affect the investment security of the Bonds.

In the event of any proceeding for any remedy available to the Trustee under the Indenture and Loan Agreement, the beneficial owners of the Bonds will be unsecured creditors with no rights to any revenues or other property of the Borrower unless the Springing Deed of Trust is effective at the time of such proceeding. See "**SOURCES OF PAYMENT AND SECURITY FOR THE BONDS**" and **Appendix C**.

Amendments of the Indenture and Loan Agreement

Under certain circumstances provided in the Indenture and Loan Agreement, such documents may be amended or supplemented without the consent of any Bondholders. Certain other amendments to such documents may be made with the consent of only the holders of a majority in aggregate principal amount of outstanding Bonds. Such amendments and supplements may adversely affect the security or interests of the owners of the Bonds. See **Appendix C**.

Limited Nature and Enforceability of Remedies

The remedies available to the Trustee, the Issuer and the Bondholders upon an Event of Default under the Indenture and the Loan Agreement are in many respects dependent upon judicial actions that are, in turn, often subject to discretion and delay. Under existing constitutional and statutory laws and judicial decisions, including specifically Title 11 of the United States Code (the Federal Bankruptcy Code), a particular remedy specified by the Indenture or Loan Agreement may not be readily available or, if available, may be limited or subject to substantial delay. For example, a court may decide not to order the specific performance of certain covenants contained in such instruments. Accordingly, the Trustee's ability to exercise remedies under the Indenture and Loan Agreement upon an Event of Default could be impaired by the need for judicial or regulatory approval.

The various legal opinions to be delivered concurrently with the issuance and delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by principles of equity and by bankruptcy, reorganization, insolvency, moratorium, and similar laws affecting the rights of creditors generally.

There exists common law authority and authority under various state statutes pursuant to which courts may terminate the existence of a nonprofit corporation or undertake supervision of its affairs on various grounds, including a finding that such a corporation has insufficient assets to carry out its stated charitable purposes or has taken some action which renders it unable to carry out such purposes. Such court action may arise on the court's own motion or pursuant to a petition of a state attorney general or other persons who have interests different from those of the general public pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses. A court could restrict the ability of the Trustee to compel the liquidation of the Borrower and its property to pay a judgment against it for payment of the Bonds because the Borrower is a nonprofit corporation carrying out charitable purposes.

Possible Redemption and Acceleration

The Bonds are subject to redemption or acceleration upon the occurrence of certain events more particularly described under "**THE BONDS – Redemption Prior to Maturity**" and "**– Acceleration**" herein. Rights of redemption include, under certain circumstances, the right of optional redemption in whole or in part by the Borrower without premium. Bondholders are subject to these rights of redemption and acceleration and Bondholders will be unable to continue to hold their Bonds in the event of redemption or acceleration. Redemption or acceleration prior to maturity may be at par or at a redemption price that results in the realization of less than the anticipated yield to maturity.

Tax-Exempt/Nonprofit Status

In recent years, the activities of tax-exempt organizations have been subjected to increasing scrutiny by federal, state, and local legislative and administrative agencies (including the United States Congress, the Internal Revenue Service (the "**IRS**"), and local taxing authorities). Various proposals either have been considered previously or are presently being considered at the federal, state, and local level which could restrict the definition of tax-exempt status, impose new restrictions on the activities of tax-exempt corporations and/or tax or otherwise burden the activities of such corporations (including proposals to broaden or strengthen federal tax provisions respecting unrelated business income of nonprofit, tax-exempt corporations). There can be no assurance that future changes in the laws, rules, regulations, interpretations, and policies relating to the definition, activities and/or taxation of tax-exempt corporations will not have material adverse effects on the future operations of the Borrower.

Compliance with current and future regulations and rulings of the IRS could adversely affect the ability of the Borrower to charge and collect revenues, finance or incur indebtedness on a tax-exempt basis or otherwise generate revenues necessary to provide for payment of the Bonds. Although the Borrower has covenanted to maintain its tax-exempt status, loss of tax-exempt status by the Borrower would likely have a significant adverse effect on the Borrower and could result in the inclusion of interest on the Bonds in gross income for federal income tax purposes retroactive to their date of issue. The loss by the Borrower of federal tax exemption could trigger a challenge to its state income tax exemption. Such event could be adverse and material.

In recent years, the IRS and state, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt organizations with respect to their exempt activities and the generation of unrelated business taxable income (“UBTI”). To the extent the Borrower does not properly account for and report UBTI, if any, an investigation or audit could lead to a challenge which could result in taxes, interest and penalties with respect to unreported UBTI and in some cases could ultimately affect the tax-exempt status of the Borrower, as well as the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

Covenant to Maintain Tax-Exempt Status of the Bonds and Limitations with respect to Tax-Exempt Bonds

The tax-exempt status of interest on the Bonds is based on the continued compliance by the Issuer and the Borrower with certain covenants contained in the Loan Agreement, the Tax Regulatory Agreement, and certain other documents executed by the Issuer and the Borrower. These covenants are aimed at satisfying applicable requirements of the Code, and relate generally to use by the Borrower of proceeds of the Bonds, maintenance of the status of the Borrower as an organization meeting the requirements of Section 501(c)(3) of the Code, arbitrage limitations, rebate of certain excess investment earnings to the federal government and restrictions on the amount of issuance costs financed with the proceeds of the Bonds. Failure to comply with such covenants could cause interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance of the Bonds.

The Code places certain limitations on the ability of educational institutions to finance certain projects, invest bond proceeds and advance refund prior tax-exempt bond issues. These limitations may increase the interest costs and restrict the use of tax-exempt bonds for future borrowing by the Borrower.

Bond Ratings

S&P Global Ratings (“S&P”) has assigned a credit rating to the Bonds. The rating of the Bonds is not a recommendation to purchase, hold or sell the Bonds, and the rating does not comment on the market price or suitability of the Bonds for a particular investor. The rating of the Bonds may not remain for any given period of time and may be lowered or withdrawn depending on, among other things, the rating agency’s assessment of the Borrower’s financial strength. A downward revision or withdrawal of any such rating may have a substantial adverse effect on the market price for, and marketability of, the Bonds in secondary market trading.

Secondary Market for the Bonds

There can be no guarantee there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular bond issue, secondary marketing practices in connection with a particular issue are suspended or terminated.

Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

The financial condition of the Borrower as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the Borrower's control. There can be no assurance that an adverse event will not occur that might affect the market price of and the market for the Bonds. If a significant event should occur in the affairs of the Borrower, the market for and the market value of the Bonds could be adversely affected.

The Borrower will enter into the Continuing Disclosure Agreement described below. Any failure in the future to comply with the Continuing Disclosure Agreement and the related Rule 15c2-12 (defined below) may adversely affect the liquidity of the affected Bonds and their market price, if any, in the secondary market.

Investments; Philanthropy

The Borrower has significant investment holdings. Market fluctuations have affected and may in the future affect the value of those investments and those fluctuations have been and may in the future be material. For a discussion of the Borrower's investments, see **Appendix A — "CERTAIN INFORMATION CONCERNING THE MIRMAN SCHOOL FOR GIFTED CHILDREN – FINANCIAL MATTERS – Investments and Endowment."**

Philanthropic opportunities at the Borrower include capital campaign initiatives, annual fundraising to support current-year operations, and planned giving from bequests and estate gifts. The Borrower has in the past demonstrated an ability to raise the funds from a variety of benefactors necessary, in combination with revenues generated from other sources, to finance its operations and to provide the funds to construct, renovate and improve its facilities, as necessary. There can be no assurance, however, that these efforts will continue to be successful. Such efforts may be affected adversely by a number of factors, including changes in general economic conditions and changes in federal and state tax laws affecting the deductibility of charitable contributions.

Cybersecurity Risks

The Borrower's business operations rely upon secure information technology systems for data capture, processing, storage and reporting. Increased global information technology security requirements, vulnerabilities, threats and a rise in sophisticated and targeted cybercrime pose a risk to the security of the Borrower's systems, its information networks, and to the confidentiality, availability, and integrity of its data. The Borrower's information technology systems, and those of its third party providers or partners, could become subject to employee error or malfeasance, cyber-attacks by common hackers, criminal groups or nation-state organizations or social activist (hactivist) organizations, geopolitical events, natural disasters, failures or impairments of telecommunications networks or other catastrophic events. Network, system, application and data breaches could result in operational disruptions or information misappropriation including, but not limited to, interruption to systems availability, denial of access to and misuse of applications required by the Borrower's partners to conduct business with the Borrower. Theft of intellectual property or trade secrets, and inappropriate disclosure of confidential company, employee, customer or vendor information, could stem from such incidents.

Among the Borrower's top security threats are malware, phishing, and ransomware. Despite the Borrower's efforts to address cybersecurity risks, there can be no assurance that a system or network failure, or security breach, will not occur. This could lead to system interruption, operational disruptions, the disclosure, modification or destruction of proprietary and/or highly sensitive or personal and other key information, which could have an adverse effect on the Borrower's reputation, financial results, and

results of operations. The costs of remedying any such damage or protecting against future attacks could be material. Further, cybersecurity breaches could expose the Borrower to material litigation and other legal risks, which could cause the Borrower to incur material costs related to such legal claims or proceedings.

Within the last five years, the Borrower has not experienced attacks on its computer operating systems that resulted in a breach of its cybersecurity systems that are in place. The Borrower carries commercial insurance including cybersecurity coverage. See **Appendix A – “CERTAIN INFORMATION CONCERNING THE MIRMAN SCHOOL FOR GIFTED CHILDREN – INSURANCE.”**

Factors Generally Affecting Private Educational Borrowers

In competing for students, the Borrower must maintain a positive reputation within the local community. Certain factors such as the quality of teachers, quality of academic and other programs, quality of extra-curricular activities and the absence (or presence) of litigation can contribute to the reputation of any school. Negative changes to the reputation of the Borrower could impact future enrollment and result in the inability of the Borrower to generate sufficient revenues to meet its obligations under the Loan Agreement. The Borrower’s reputation in the educational community and its financial results may be affected by events, developments, and conditions relating generally to, among other things, the ability of the Borrower to (a) conduct educational activities of the types and quality required to maintain its reputation; (b) generate sufficient revenues, while controlling expenses, to adequately fund the costs of these activities; (c) attract faculty, staff, and management necessary to conduct these activities; (d) attract a quality student body; and (e) build and maintain the facilities necessary to conduct these activities.

Success in these areas depends upon the ability of the Borrower and its management to respond to challenges affecting the environment for private educational institutions, including, among others:

1. Volatility and disruptions in the global financial markets that may impact investment returns and reduce investment income distributable from the endowment for operations and affect the ability of donors to contribute resources to support the Borrower’s operations and capital needs;
2. Liquidity constraints arising from any continuing or future credit crisis impacting the Borrower’s ability to fund its commitments for operating and capital expenses;
3. Inability to control increases in operating costs, including salaries, wages and fringe benefits, supplies and other expenses, given an inability to obtain corresponding increases in tuitions, donations or other revenues;
4. Suspension or revocation of or failure to renew a license or accreditation necessary to the Borrower’s operations or any portion thereof;
5. Developments in the regional, national, and global economies, such as protracted recessions, variations in economic growth, changes in monetary policy and the related impact on the Borrower’s investment portfolio, increased demand for financial aid, and increased interest rates and the associated impact on future debt service;
6. Legislation and regulation by governmental authorities, including developments affecting the tax-exempt status of educational institutions such as the Borrower;

7. Establishment of mandatory wage, rent or price controls; increases in the limitations on the availability of insurance;
8. Changes in management affecting the Borrower's operations;
9. The ability to recruit and retain faculty in light of, among other factors, the high regional cost of living;
10. Claims respecting unauthorized behavior involving employees, administration, or students; future claims for accidents or other torts at the Borrower's facilities and the extent of insurance coverage for such claims;
11. Unionization, employee strikes, or other adverse labor actions that could result in an increase in expenditures without a corresponding increase in revenue;
12. Competition from other educational institutions, including other private schools and schools in area school districts, including charter schools;
13. The ability of the Borrower to attract and retain students who can pay the Borrower's tuition and fees as they exist from time to time; decreases in the number of students seeking to attend the school at optimum levels for each grade level;
14. Increased costs associated with technological advances; and
15. The ability of the Borrower's graduates to gain acceptance to reputable independent middle or high schools, or to secure other desirable post-elementary school outcomes, given changing economic, legislative, regulatory, and cultural conditions, including but not limited to "test optional" and other admissions policies at the independent schools to which Mirman students apply.

All of these factors are unpredictable and are affected by numerous circumstances both within and outside the control of the Borrower, including the competitive appeal and perceived quality of the Borrower's curriculum; the ability and energy of its faculty and administration; and the benevolence of its supporters. There can be no assurance that revenues of the Borrower will not decrease or that the revenues available to the Borrower from its operations and development efforts will be available in amounts sufficient to make the required debt service payments on the Bonds. Regulatory and other changes resulting from the factors mentioned above, among others, or the occurrence of other unanticipated events could have a material adverse effect on the Borrower's financial condition or results of its operations.

Construction Risks

Construction projects are subject to a variety of risks, including but not limited to delays in issuance of required building permits or other necessary approvals or permits, including environmental approvals, strikes, shortages of qualified contractors or materials and labor, and adverse weather conditions. Such events could delay occupancy of major construction projects. Cost overruns may occur due to change orders, delays in construction schedules, scarcity of building materials and labor and other factors. Cost overruns could cause project costs to exceed estimates and require more funds than originally allocated or require the Borrower to borrow additional funds to complete projects. The Borrower does not have any current construction projects in progress, nor are any contemplated to be financed with proceeds of the Bonds, but see **Appendix A – "STRATEGIC PLAN AND REAL ESTATE ACQUISITIONS."**

Environmental Risks

The Borrower and its facilities are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations and there are risks relating to liabilities for environmental hazards with respect to the ownership of, as well as the development and construction on, any real property, including the Project. These laws and regulations include, but are not limited to: (i) air and water quality control requirements; (ii) waste management requirements; (iii) specific regulatory requirements applicable to asbestos, polychlorinated biphenyls and radioactive substances; (iv) requirements for providing notice to employees and members of the public about hazardous material handled by or located at the Borrower's facilities; and (v) other requirements. There are significant practical, financial and legal risks associated with compliance with such laws and regulations, which costs and liabilities could exceed the value of a project. For example, hazardous substances are found to be located on property, owners of such property may be held liable for costs and other liabilities related to the removal or remediation of such substances. The cost of addressing environmental risks, including complying with CEQA, clean-up of hazardous materials, and toxic substance regulations, could negatively affect the Borrower's operations or financial condition. Such risks may result in damage to individuals, property or the environment; may interrupt operations and/or increase their cost; may result in legal liability, damages, injunctions or fines; may result in investigations, administrative proceedings, civil litigation, criminal prosecution, penalties or other governmental agency actions; and may not be covered by insurance.

Public Health Emergencies

The occurrence of a public health emergency or crisis, including a widespread outbreak of an infectious disease or contagious virus, such as COVID-19, may materially impact the Borrower's financial condition and operations, in ways that cannot be predicted. In such events, responses at the school, state, local and national levels can differ, and schools can be closed for various periods of time, either as mandated by governmental authorities or because families choose to keep their children at home.

Natural Disasters and Climate Risks

The Borrower's campus is located in a seismically active region of California. The occurrence of severe seismic activity or other natural disasters, such as floods, droughts, tornadoes, wildfires, landslides and severe storms and environmental and other impacts of climate change, including rising sea levels (any of which could damage the Borrower's facilities), may occur in the future and have significant disruptive and negative impacts and may directly or indirectly adversely impact the Borrower's finances, facilities and operations. Extreme weather, drought and shifting climate patterns may intensify the challenges associated with many of the other risks facing the Borrower and its assets and operations, resulting in severe business disruptions, prolonged power outages or property damage. The Borrower currently maintains earthquake insurance, but is not obligated to continue to do so by the Loan Agreement and there can be no assurance that the Borrower will maintain such coverage in the future or will be able to obtain such coverage at all or at reasonable rates.

Major wildfires have occurred in recent years in different regions of the State, including significant fires in January 2025 near the Borrower's campus. Serious and significant property damage has resulted from the recent fires in Los Angeles, but the Borrower's campus did not sustain any damage as a result of the recent fires. Rebuilding efforts in the area from recent major wildfires may have inflationary impacts on construction costs related to the Project. The State Governor has previously signed a number of measures into law intended to address a variety of issues related to mitigating the risk of wildfires, including forest management, mutual aid for fire departments, emergency alerts, and other safety mandates. The Borrower can make no representation regarding the effects that future wildfires

may have on its operations or financing, or to what extent any such wildfires could cause disruptions to economic activity in the vicinity of its campus.

The Borrower carries commercial insurance coverage for certain purposes, and is also self-insured for certain claims and liabilities, all as described in **Appendix A – “CERTAIN INFORMATION CONCERNING THE MIRMAN SCHOOL FOR GIFTED CHILDREN – INSURANCE”**. The provision for losses and expenses are based on estimates of the liabilities and related expenses resulting from asserted and unasserted claims. No assurance can be given by the Borrower that it has, or will have, sufficient reserves to cover actual liabilities and related expenses resulting from asserted and unasserted claims. No assurance can be given that the Borrower will maintain coverage amounts currently in place in the future, that the coverage will be sufficient to cover all judgments rendered against the Borrower or settlements of any such claims in excess of the basic self-insurance protection, or that any commercial coverages will be available at a reasonable cost in the future. See **Appendix A – “CERTAIN INFORMATION CONCERNING THE MIRMAN SCHOOL FOR GIFTED CHILDREN – INSURANCE.”**

Limitations on Real Property Value and on Remedies under the Loan Agreement and the Deed of Trust (if delivered)

The Borrower is not delivering the Deed of Trust upon issuance of the Bonds. If the requisite conditions occur, and the Borrower does in fact comply with the requirements for delivery of the Deed of Trust and related title insurance policy, the effectiveness of the security interest granted thereby may be limited by a number of factors. For example, real estate values can fluctuate over time. There can be no assurance that should the Borrower default in making the payments due under the Loan Agreement, the Property could be foreclosed upon and sold for the amounts owed with respect to the Bonds. In addition, the presence of hazardous substances on the Property could significantly affect the value of the Property that would be realized upon a default and foreclosure.

Foreclosure. There are two methods of foreclosing on a deed of trust or mortgage under California law, by nonjudicial sale and by judicial sale. Foreclosure under a deed of trust may be accomplished by a nonjudicial trustee’s sale under the power of sale provision in the deed of trust. Prior to such sale, the trustee must record a notice of default and election to sell and send a copy to the trustor, to any person who has recorded a request for a copy of the notice of default and notice of sale, to any successor in interest of the trustor and to certain other parties discernable from the real property records. The trustee then must wait for the lapse of at least three months after the recording of the notice of default and election to sell before establishing the trustee’s proposed sale date and giving a notice of sale (in a form mandated by California statutes). The notice of sale must be posted in a public place and published once a week for three consecutive calendar weeks, with the first such publication preceding the trustee’s sale by at least 20 days. Such notice of sale must be posted on the property and sent, at least 20 days prior to the trustee’s sale, to the trustor, to each person who has requested a copy, to any successor in interest of the trustor, to the beneficiary of any junior deed of trust and to certain other parties discernable from the real property records. In addition, the notice of sale must be recorded with the county recorder at least 14 days prior to the date of sale. The trustor, any successor in interest of the trustor in the trust property, or any person having a junior lien or encumbrance of record may, during the statutory reinstatement period, which extends to five days prior to the sale date, cure any monetary default by paying any delinquent installments of the debt then due under the terms of the deed of trust and certain other obligations secured thereby (exclusive of principal due by virtue of acceleration upon default) plus costs and expenses actually incurred in enforcing the obligation and certain statutorily limited attorneys’ and trustees’ fees. Following a nonjudicial sale, neither the trustor nor any junior lienholder has any right of redemption, and the beneficiary may not ordinarily obtain a deficiency judgment against the trustor.

Should foreclosure under a deed of trust be sought in the form of a judicial foreclosure, it is generally subject to most of the delays and expenses of other lawsuits, and may require several years to complete. The primary advantage of a judicial foreclosure is that the beneficiary is entitled, subject to other limitations, to obtain a deficiency judgment against the trustor to the extent that the amount of the debt is in excess of the fair market value of the property. Following a judicial foreclosure sale, the trustor or its successors in interest may redeem the property for a period of one year (or a period of only three months if the proceeds of sale are sufficient to satisfy the debt, plus interest and costs). In addition, in order to assure collection of any rents assigned as additional collateral under the Deed of Trust, a receiver for the Property may be appointed by a court.

Priority of Deed of Trust Liens. The liens created under the Deed of Trust, if executed and delivered pursuant to the Loan Agreement, are subject to Permitted Encumbrances and are subordinate to liens for general property taxes, special taxes and assessments. The Borrower covenants in the Loan Agreement that, except as specifically provided in the Loan Agreement or the Deed of Trust, it shall not create, assume, incur or suffer to be created, assumed or incurred any Liens on the Property other than Permitted Encumbrances. A lien on property of the Borrower created by the Deed of Trust and the proceeds thereof could terminate and be immediately extinguished upon a foreclosure sale of such property or the enforcement by the holder of a lien on such property that is prior to the lien of the Deed of Trust, whether such lien constitutes a statutory lien (such as liens for enforcement of tax and environmental laws) or is a Permitted Encumbrance when created.

Title Insurance Policy. If the Borrower is required to execute and deliver the Deed of Trust, in connection therewith, the Borrower is also required to deliver an ALTA loan policy of title insurance with respect to the Property. Such a policy would provide protection against title defects affecting the priority of the Deed of Trust encumbering the Property. Recovery under a loan policy of title insurance is dependent on a number of factors including the amount of insurance purchased relative to the value of the property, the nature of the title defect, the presence of a payment default under the secured obligations, and other terms and conditions of the policy. No assurance can be given that any particular set of circumstances would give rise to recovery under such policy and any such policy would not protect against the Borrower's failure to make payments with respect to the Bonds, so the owners of the Bonds could not rely on title insurance as a material source of recovery if the Trustee were unable to realize value from the property secured by the Deed of Trust when exercising remedies thereunder.

The paragraphs above discuss only certain risks to holders of the Bonds. They are not intended to be a complete enumeration of the risks involved in purchasing and holding the Bonds.

TAX MATTERS

General Matters

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the Issuer and the Borrower with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Issuer and the Borrower have covenanted to comply (or cause compliance, as applicable) with such requirements. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences.

Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Bond Counsel is also of the opinion that interest on the Bonds is exempt from present State of California personal income taxes. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State or any other state or jurisdiction.

A copy of the anticipated form of opinion of Bond Counsel is attached hereto as **Appendix E**.

Original Issue Discount

The Bonds, if any, that have an original yield above their respective interest rates, as shown on the cover of this Official Statement (collectively, the "**Discount Bonds**"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity (excluding "qualified stated interest" within the meaning of Section 1.1273-1 of the regulations promulgated under the Code) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax

consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the “adjusted issue price” of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium

The Bonds, if any, that have an original yield below their respective interest rates, as shown on the cover of this Official Statement (collectively, the “**Premium Bonds**”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “**TAX MATTERS**” or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

RATINGS

S&P has assigned a rating of “BBB-” (stable outlook) to the Bonds. This rating reflects only the views of S&P. The Borrower has furnished S&P with certain materials and information not included in this Official Statement. Prospective purchasers of the Bonds should contact S&P to obtain an explanation of the significance of its rating.

No assurance may be given that the S&P rating will remain in effect for any given period of time. S&P may lower, suspend or withdraw its rating. The Underwriter has undertaken no responsibility either to bring to the attention of the Bondholders any proposed revision, suspension, or withdrawal of a rating of the Bonds or to oppose any such proposed revision, suspension, or withdrawal. Any downward revision, suspension, or withdrawal of a rating could have an adverse effect on the market price of the Bonds. Such ratings should not be taken as a recommendation to buy or hold the Bonds.

LITIGATION

The Issuer

To the Issuer’s knowledge, as of the date of this Official Statement there is not pending or threatened, any litigation restraining or enjoining the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings or authority under which they are to be issued or which in any manner questions the right of the Issuer to enter into the Indenture or the Loan Agreement or to secure the Bonds in the manner provided therein.

The Borrower

There is not now pending (as to which the Borrower has received service of process), nor, to the knowledge of the Borrower, threatened any litigation against the Borrower seeking to restrain or enjoin the issuance or delivery of the Bonds or questioning or challenging the creation, organization or existence of the Borrower, the title of any of the present members or other officers of the Borrower, the validity of the Bonds or the proceedings or authority under which they are to be issued, or the Indenture or Loan Agreement. There is no litigation pending (as to which the Borrower has received service of process) or, to the knowledge of the Borrower, threatened against the Borrower that in any manner questions the right of the Borrower to enter into the Indenture or the Loan Agreement or to take any other action provided in the Indenture, the Loan Agreement or the resolutions of the Borrower.

From time to time, the Borrower, the Facilities and the proposed issuance of the Bonds may be involved in or subject to claims, litigation or other proceedings. Although the Borrower believes these potential claims would be without merit and intends to defend any such claims vigorously, if any of the plaintiffs were to prevail on such claims by a final, non-appealable judgment, it could have a material adverse effect on the Borrower, its ability to complete the Facilities in a timely manner or at all, or on an investment in the Bonds. See **Appendix A**.

In the course of the operation of the Property, the Borrower may be subject to claims as result of any accidents or other incidents that may occur in connection with the Property. Risks associated with legal liability are often difficult to assess or quantify and their existence and magnitude may not be known for significant periods of time. While the Borrower maintains insurance (including self-insurance) that it believes is appropriate for purposes of the operation of the Property, the amount of insurance coverage (or

with respect to self-insured claims, the amount of reserves) may not cover, or be sufficient to cover, individually or in the aggregate, any pending, threatened or potential future claims involving, or related to, the Property or the operation thereof.

Any future claims or proceedings may require or cause the Borrower to expend substantial time and resources and the Borrower's property, business, financial condition, operating results, cash flows, liquidity and prospects could be materially adversely affected.

LEGAL MATTERS

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Kutak Rock LLP, Bond Counsel. A complete copy of the proposed form of Bond Counsel's opinion is set forth in **Appendix E**. Certain legal matters will be passed upon for the Issuer by its counsel, Kutak Rock LLP; for the Borrower by its counsel, Carlton Fields, LLP; and for the Underwriter by its counsel, Polsinelli.

CONTINUING DISCLOSURE

The Issuer

Because the Bonds are limited obligations of the Issuer, payable solely from the revenues and other assets pledged under the Indenture, the Issuer has determined that no financial or operating data concerning the Issuer is material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell the Bonds and the Issuer will not provide any such information. The Issuer shall have no liability to the holders of the Bonds or any other person with respect to Rule 15c2-12 of the Securities and Exchange Commission ("**Rule 15c2-12**").

The Borrower

At the time of issuance of the Bonds, the Borrower will execute and deliver the Continuing Disclosure Agreement (as amended, restated, supplemented, and otherwise modified from time to time, the "**Continuing Disclosure Agreement**") for the benefit of the Bondholders with the Trustee, as dissemination agent (with its successors and assigns, the "**Dissemination Agent**"), under which the Borrower has agreed to provide certain annual financial information and operating data relating to the Borrower for each of its fiscal years (each, an "**Annual Report**"), commencing with the fiscal year ending June 30, 2026, and notices of certain enumerated events regarding the Borrower to the Municipal Securities Rule Making Board (with its successors and assigns, the "**MSRB**") as required by Rule 15c2-12, in an electronic form specified by MSRB. The form of Continuing Disclosure Agreement is attached as **Appendix F**. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12.

In the past five years, the Borrower has not been obligated under any continuing disclosure agreements or undertakings under Rule 15c2-12.

FINANCIAL STATEMENTS

The financial statements of the Borrower as of and for the year ended June 30, 2025 (With Comparative Totals for 2024), as of and for the year ended June 30, 2024 (With Comparative Totals for 2023) and as of and for the year ended June 30, 2023 included in **Appendix B** have been audited by Armanino LLP, independent auditors (“**Armanino**”), as stated in the respective reports appearing herein. Armanino has not been engaged to perform and has not performed, since the date of the respective reports included herein, any procedures on the financial statements addressed in such reports. Armanino has not performed any procedures relating to this Official Statement.

UNDERWRITING

Subject to the terms and conditions set forth in a bond purchase agreement among Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”), the Issuer, and the Borrower, the Underwriter will agree to purchase the Bonds at an aggregate purchase price of \$ _____, representing the aggregate principal amount of the Bonds of \$ _____, less an Underwriter’s discount of \$ _____ plus [net] original issue [premium][discount] of \$ _____. The expenses associated with the issuance of the Bonds are being paid by the Borrower from proceeds of the Bonds. The right of the Underwriter to receive compensation in connection with the Bonds is contingent upon the actual sale and delivery of the Bonds. The Underwriter will initially offer the Bonds for sale at the respective prices or yields set forth on the cover page of this Official Statement. Such prices or yields may subsequently change in connection with the marketing of the Bonds. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial public offering price or prices set forth in this Official Statement. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the Bonds for sale.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriter and its affiliates may have certain creditor and/or other rights against the Issuer and the Borrower and their affiliates in connection with such activities. In the various course of their various business activities, the Underwriter and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Issuer and the Borrower (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Issuer and the Borrower. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities, and instruments.

MISCELLANEOUS

Registration or qualification of the offer and sale of the Bonds (as distinguished from registration of the ownership of the Bonds) is not required under the Securities Act or the Act. The Issuer assumes no responsibility for the qualification or registration of the Bonds for sale under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred.

Copies of any of the documents referenced or summarized herein will be available following the date of issuance of the Bonds, upon delivery of a written request, and the payment of reasonable copying, mailing and handling charges, to the Trustee. The references, excerpts, and summaries of all documents, referenced herein do not purport to be complete statements of the provisions of such documents and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for and the repayment of the Bonds, and the rights and obligations of the holders thereof. Insofar as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are made merely as such and not as representations of fact.

Appendices A, B, C, D, E and F attached to this Official Statement are hereby expressly incorporated herein as a part hereof. This Official Statement has been duly approved by the Borrower, and the Borrower has authorized its distribution in connection with the underwriting of the Bonds.

The Issuer has not participated in the preparation of this Official Statement and makes no representation with respect to the accuracy or completeness of any of the material contained in this Official Statement other than in the sections entitled “**THE ISSUER**” and “**LITIGATION—The Issuer.**” The Issuer is not responsible for providing any purchaser of the Bonds with any information relating to the Bonds or any of the parties or transactions referred to in this Official Statement or for the accuracy or completeness of any such information obtained by any purchaser. Except as otherwise stated herein, neither the Issuer nor the Underwriter makes any representations or warranties whatsoever with respect to the information contained herein. The agreements of the Issuer with the holders of the Bonds are fully set forth in the Indenture, and neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Bonds.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Bonds.

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The preparation of this Official Statement and its distribution have been authorized by the Borrower and the Issuer; provided that neither approval nor authorization of distribution of this Official Statement by the Issuer shall be construed as a representation that the Issuer has reviewed or approved the accuracy or completeness of this Official Statement other than the information under the captions “**THE ISSUER**” and “**LITIGATION – THE ISSUER.**” This Official Statement is not to be construed as an agreement or contract between the Issuer or the Borrower and any purchaser, owner, or holder of any Bond.

THE MIRMAN SCHOOL FOR GIFTED CHILDREN

By: _____
Chief Financial Officer

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APPENDIX A

**CERTAIN INFORMATION CONCERNING
THE MIRMAN SCHOOL FOR GIFTED CHILDREN**

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**THE MIRMAN SCHOOL FOR GIFTED CHILDREN
APPENDIX A**

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INTRODUCTION

The Mirman School for Gifted Children (“**Mirman**,” “**Mirman School**,” or the “**School**”) is an independent, non-sectarian, co-educational day school for highly gifted students in Kindergarten through grade eight. From its founding in 1962 by Dr. Norman J. Mirman and Mrs. Beverly Mirman, Mirman has specifically focused on educating and meeting the academic, co-curricular, and social-emotional needs of highly gifted students. As an educational institution, Mirman is committed to personalizing its curriculum through depth and complexity while celebrating the intellectual, creative, and kinesthetic dimensions of childhood and adolescence. The School’s primary goal is to inspire lifelong curiosity and learning, the continuous pursuit of excellence, and ethical leadership among its students and graduates.

Mirman’s campus is located on Mulholland Drive in Los Angeles, California, proximate to six other independent schools forming the Mulholland Drive educational corridor. Mirman enrolled 430 students for the 2025-26 academic year, in line with the School’s targeted level of enrollment and current enrollment capacity. The School is organized as a non-profit educational organization under Section 501(c)(3) of the Code (as defined in the front part of this offering document).

The School’s Board of Trustees, administration, and faculty believe that the following characteristics distinguish the School:

Educational Program Tailored to Highly Gifted Students. Mirman School is one of a small number of independent schools in the United States to cater specifically to the needs of highly gifted students. At Mirman, a “highly gifted” student is one who demonstrates an IQ of 138 or higher based on a test administered by an approved, independent psychologist. After extensive research and consultation with psychology experts, Mirman utilizes the Wechsler Preschool and Primary Scale of Intelligence test (for children ages 4 through 7 years, 7 months) and the Wechsler Intelligence Scale for Children (for children ages 6 years and older). IQ testing is required for prospective students and families desiring to apply to all grades at Mirman, beginning in Kindergarten. After achieving an IQ score of 138 or greater, students are encouraged to complete a formal application for enrollment.

Mirman’s curricular model is based upon a combination of acceleration and increased depth and complexity at each grade level. With the understanding that giftedness is an asynchronous development, and that each Mirman student has a unique set of strengths and areas for growth, the School balances academic support and opportunities with social-emotional development, which can look different for highly gifted students. Mirman offers a wide variety of athletic teams, arts opportunities, student clubs and organizations, and signature programs such as MirmanX, a middle school start-up accelerator that is supported by Mirman faculty, alums, parents, trustees, and community members.

Demand for Enrollment. While the applicant pool only consists of prospective students with IQ scores greater than 138, Mirman has enjoyed growing demand and steady enrollment growth in recent years. The School’s students come from over 70 zip codes throughout the greater Los Angeles area, and the School’s Admissions Office reports numerous inquiries each year from families outside of Los Angeles seeking to relocate to the area specifically to attend Mirman School.

Over the past five application cycles, Mirman has accepted an average of 38% of applicants, with an average of 81% of accepted students electing to enroll at Mirman. The School’s acceptance rate has trended downward in recent years, with each of the last three application cycles accepting less than 35% of applicants. Additionally, given the unique nature of Mirman’s programs and IQ test requirement to apply, the School maintains a waitlist of qualified students. As of June 2026, that waitlist totaled 83 students for enrollment in the 2026-27 academic year. This strong demand has

led to enrollment growth, and Mirman expects to enroll 430 students for the 2026-27 academic year, which represents the School's current enrollment capacity (with such capacity defined based upon facilities, class section layout, desired student/teacher ratios, and the School's conditional use permit).

Financial Resources and Operating Performance. Mirman has demonstrated meaningful financial growth over the past five years. This growth is the product of disciplined budget management, strong demand and growing enrollment, generous philanthropic support both for capital initiatives and annual operations, and appreciation of investment assets. As of June 30, 2025, Mirman reported total net assets of \$41.2 million, an increase of 10.3% over total net assets of \$37.3 million as of June 30, 2021. As of June 30, 2025, only \$2.4 million (5.7%) of the School's total net assets are subject to donor restriction; the School reported \$38.8 million of net assets classified as "without donor restriction" for the fiscal year ended June 30, 2025.

The School's total cash and investment position has also increased in recent years, with total cash and investments of \$18.0 million as of June 30, 2025. These assets represent operating cash and working capital, unrestricted funds designated as reserves, Board-designated endowment funds (without donor restriction) and endowment funds subject to donor restriction. As of June 30, 2025, the School's endowment totaled \$7.5 million, of which \$5.6 million represented Board-designated endowment without donor restriction and \$1.9 million represented endowment funds subject to donor restriction.

The School preliminarily reports financial results favorable to budget for its fiscal year ended June 30, 2026, with an expected operating surplus of approximately \$1.5 million (based on unaudited financial information). See "**FINANCIAL INFORMATION – Management Discussion of Financial Performance**" for the School's internally prepared year-to-date financial results as of March 31, 2026. Further, as of April 30, 2026, based on internal (unaudited) records, the School's investment assets totaled \$12.5 million, representing an approximately \$500,000 calendar year-to-date appreciation (4.1%).

Strategic Real Estate Acquisitions.

Current Campus. Mirman's current campus site is comprised of six different real estate parcels (the "**Current Campus**"). Of those parcels, three are owned by Mirman School (the "**Owned Current Campus Property**"). The School leases the other three parcels (the "**Leased Current Campus Property**") from trusts of whom the son and daughter of Mirman School founders Dr. Alan Mirman and Mrs. Beverly Mirman are benefactors (the "**Mirman Family Trusts**"). In light of the opportunity to acquire the Adjacent Property described below, the School worked with the Mirman Family Trusts to acquire the Leased Current Campus Property so that it would own the entirety of the Current Campus outright.

The aggregate purchase price is \$5.280 million for the Leased Current Campus Property real estate and \$220,000 for certain legacy rights controlled by the Mirman Family Trusts, which will be primarily funded with proceeds of the Bonds. No appraisal of the property was performed in conjunction with this purchase. Upon closing, the related lease agreement (the "**Existing Campus Lease**") will terminate, resulting in elimination of approximately \$230,000 of lease expense payable for the fiscal year ending June 30, 2027 (as well as future escalation of lease expense at a rate between 3.0% and 5.0% annually based on the Consumer Price Index). The closing of this purchase is subject to customary closing conditions, all of which the School believes will be satisfied on or prior to the date of issuance of the Bonds.

Adjacent Property. Located adjacent to the Current Campus to the southwest, Mirman is under contract to acquire from the Bel Air Church approximately seven acres of land currently used as three separate but adjoining parking lots (the “**Adjacent Property**”). The Adjacent Property is currently utilized by the School and others for pick-up, drop-off, and parking, which is expected to continue for the immediate future. The School will consider future uses of the Adjacent Property as part of its campus master planning process. See “**STRATEGIC PLAN AND REAL ESTATE ACQUISITIONS.**” The contracted purchase price for the Adjacent Property is \$16.0 million, which will be primarily funded with proceeds of the Bonds. No appraisal of the property was performed in conjunction with this purchase. The closing of this purchase is subject to customary closing conditions, all of which the School believes will be satisfied on or prior to the date of issuance of the Bonds.

Given Mirman School’s plans to replat the various real estate parcels as well as navigate the City of Los Angeles entitlement, use permit, and property tax exemption processes, the Bonds will not be secured by a deed of trust on any of the School’s real estate upon their initial issuance. However, the School has covenanted in the Loan Agreement that it will not grant any liens on its property other than Permitted Encumbrances while the Bonds remain outstanding. Additionally, the School has covenanted in the Loan Agreement that, should the School’s credit rating fall to “BB+” or lower (or equivalent rating), the School will execute, deliver, and record a deed of trust on the real estate comprising the Current Campus and the Adjacent Property then owned by it (the “**Mortgaged Property**”) in favor of the Trustee within 120 days after such rating downgrade. See “**SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Operating Covenants; Financial Covenants – Springing Deed of Trust.**”

The following image depicts the Mulholland Drive educational corridor, including the location of the School’s Current Campus, the Adjacent Property, and surrounding independent schools.



Source: Google Maps, property outlines reflect approximate property lines and do not reflect ALTA survey data.

MISSION

Mirman is the only independent school in Los Angeles specifically focused on educating highly gifted students. Mirman has been cultivating the passions and talents of these extraordinary learners since 1962. Mirman believes that highly gifted students do better in an environment where they can collaborate with their peers, where they can be their authentic selves, and where there are no limits to learning. Led by a faculty trained in delivering differentiated, challenging instruction, Mirman strives to foster innovation, joy, and belonging.

Mirman School embraces, supports, and values the many facets and faces of giftedness as the School nurtures its students' abilities to reach their highest potential. As an educational institution, Mirman is committed to personalizing its curriculum through depth and complexity while celebrating the intellectual, creative, and kinesthetic dimensions of childhood and adolescence. The School's culture of inclusivity and connectivity is tailored to support students' academic, co-curricular, and social-emotional experiences and needs. Mirman faculty and staff model empathy and respect in a communal effort to enhance whole-child learning. Mirman's goal is to inspire lifelong curiosity and learning, the continuous pursuit of excellence, and ethical leadership amongst its students and graduates.

The School's mission statement is:

"We cultivate the boundless potential of highly gifted children, nurture their passions and talents, and develop a diverse community of creative and constructive lifelong learners."

Mirman aims to develop strong character traits in its students as they develop both the individual and community skills necessary to be contributing members of society. Mirman's Core Values are:

Responsibility — *We are obligated to care for ourselves, our community, and our environment.*

Integrity — *What we believe is right directly shapes our actions.*

Discovery — *We enthusiastically pursue knowledge about ourselves and the world around us.*

Empathy — *We strive to understand and value the experiences and feelings of others.*

Resilience — *We recognize challenges as necessary steps in learning and personal growth.*

GOVERNANCE

The School is governed by a self-perpetuating Board of Trustees (the "**Board**," and the members thereof the "**Trustees**"), which establishes policy and works closely with the Head of School and administration to ensure that such policy is implemented. The School's Bylaws provide that the Board shall be comprised of not less than 13 nor more than 23 Trustees. Trustees (other than Alan Mirman, son of the School's founders, who serves as Life Trustee) may serve two consecutive three-year terms followed by a one-year hiatus. A third term of two years may be undertaken by exception if approved by two-thirds of the Trustees then in office. The Chair of the Board is generally elected to serve a two-year term (unless the Board elects to renew the Chair beyond such initial two-year term) before serving as Immediate Past Chair for one year following completion of his or her term as Chair (which year may extend beyond the third year of such person's second three year term). Board terms begin on July 1 and end on June 30. The Board endeavors to stagger terms so that the terms of approximately one-third of the Trustee's terms expire each year.

The Board's primary duties include hiring and evaluating the Head of School; financial oversight of the School; developing, implementing, and updating the School's strategic plan; setting general institutional

policies consistent with the School’s mission statement; and participation, support, and leadership in School fundraising.

Current members and officers of the Board, the year of their initial election, the year their term ends, their current term, and their principal business or professional affiliations are listed in the table below.

Mirman School 2026-27 Board of Trustees

<u>Name of Board Member</u>	<u>Year of Initial Election</u>	<u>Year Term Ends</u>	<u>Principal Affiliation</u>
<u>Executive Committee</u>			
Jackie Hayes, <i>Board Chair</i>	2021	2027	Vice President, Studio Affairs, <i>Netflix</i>
Nathaniel Bach, <i>Vice Chair</i>	2023	2029	Partner, <i>Manatt, Phelps & Phillips, LLP</i>
Erez Barnavon, <i>Treasurer</i>	2022	2028	President and Co-CIO, <i>Heritage Group</i>
Anna Beloff, <i>Board Secretary</i>	2022	2028	CEO, <i>Mathika</i>
Marina Kheel, <i>Head of School</i>	<i>Ex Officio</i>		Head of School, <i>Mirman School</i>
<u>Members</u>			
David Aschkenasy	2026	2029	Executive Vice President, <i>Commercial Asset Group</i>
David Chun	2025	2028	Architect, Real Estate Development, <i>Cohaus, LLC</i>
Nicole Duncan	2025	2028	Retired Healthcare Executive
Darren S. Enenstein	2025	2028	Law Partner/Entrepreneur
Harvey Fine	2026	2029	Managing Director, <i>Pendulum</i>
Michael Guerin	2023	2029	Attorney/Investor
Sabrina Lemmens	2025	2028	SVP and Controller, <i>Air Lease Corporation</i>
Davina Massey	2022	2028	Attorney
Celina Meites	2024	2027	Current Parent
Alan Mirman	<i>Life Trustee</i>		Attorney, <i>Mirman, Bubman & Nahmias LLP</i>
Deron Quon	2025	2028	Entrepreneur/Investor
Asif Satchu	2022	2028	Co-CEO, <i>MRC Entertainment</i>
Padraic “Paddy” Spence	2022	2028	CEO, <i>Momofuku Goods</i>
Harry Suh	2026	2029	Private Wealth Advisor, <i>Morgan Stanley</i>
Jason Travis	2022	2028	Principal Therapy Consultant, <i>NeuroPace</i>
<u>Trustees Emeriti</u>			
Michael Agran			
Marilyn McDaniel			
Beverly Mirman, <i>In Memoriam</i>			
Dr. Norman Mirman, <i>In Memoriam</i>			

The standing committees of the Board meet regularly throughout the year. The 2025-26 standing committees are listed in the table below.

**Board of Trustees Committee Structure
(2025-26)**

<u>Committee</u>	<u>Chairperson</u>
Advancement	Davina Massey
Audit	Erez Barnavon
Committee on Trustees	Alan Mirman & Celina Meites
Committee on Inclusivity	Asif Satchu
Facilities	Paddy Spence
Finance	Erez Barnavon

ADMINISTRATION

The Board delegates to the Head of School responsibility for the administration of the School's programs, operations, and facilities. The Head of School is assisted by a team of administrators. Below are biographies of the Head of School and key members of the senior leadership team:

Dr. Marina Kheel, *Head of School*, began her tenure as Mirman's sixth Head of School on July 1, 2024. Originally from Boston, Massachusetts, she began her career as an elementary teacher in the Teach for America program in Long Beach, California and has taught both elementary and middle school students. She previously served as Elementary Principal and Vice Principal at Stephen Wise School, and Middle School Principal and Associate Head of Teaching and Learning at Campbell Hall. Dr. Kheel is a member of the Association for Supervision and Curriculum Development (ACSD) and the Association for Middle Level Education (AMLE). She holds a Bachelor of Arts degree in American Studies with Honors and Distinction from Stanford University. Her California Teaching Credential was earned at California State University Dominguez Hills. She has a Master of Education in Administration, Planning and Social Policy from the Harvard University Graduate School of Education. She also holds an Ed.D. in Educational Leadership from The University of California, Los Angeles Graduate School of Education, where her doctoral dissertation research focused on professional learning communities.

Richard Benfield, *Chief Financial Officer*, joined Mirman in 2020, bringing with him extensive experience leading independent schools and organizations of all sizes across multiple industries. Prior to joining Mirman, Mr. Benfield was the Director of Finance & Operations at The Archer School for Girls for eight years. Mr. Benfield currently serves as member of the American Camp Association National Audit & Finance Committee. He is Past-Chair of the California Collaboration for Youth and has held numerous positions on other non-profit boards. Mr. Benfield holds a bachelor's degree in political science, *cum laude*, from Amherst College.

Mr. Benfield will be stepping down from his role as Chief Financial Officer as of August 1, 2026 and has agreed to serve in an advisory capacity for several months after his departure to help facilitate the transition. The School engaged NBOA Advisory Services to lead a national search process for its next Chief Financial Officer and is in the final stages of hiring a new individual to fill this role. The School will provide notice of the selection and acceptance when the process is complete by either providing a supplement to this Preliminary Official Statement or posting a notice on EMMA, depending on the timing thereof.

Brad Barry, *Director of Admission and Enrollment Management*, began his time at Mirman as a classroom teacher. Previously, Mr. Barry worked at ACE Academy, a school for the gifted in Austin, Texas where he taught and served as the Head of the Elementary School. He has been Mirman's Director of Admission and Enrollment management since 2018. Mr. Barry received his Bachelor of Arts degree in Rhetoric and Writing from the University of Texas and the Certification for Admission & Enrollment Professionals from the Association of Independent School Admission Professionals. He currently serves on the Steering Committee for the Los Angeles Independent Schools consortium.

Noah Kaufman, *Director of Advancement*, has been Mirman's Director of Advancement for 10 years, and prior to his current position, served as Director of Annual Giving and Alumni Relations starting in 2014. Mr. Kaufman came to Mirman from Milken Community Schools, where he was Associate Director of Advancement & Director of Alumni Relations. Mr. Kaufman also co-teaches Mirman's Electronic Music Productive Elective, teaching students how to engineer, produce, compose, and perform original music that lies at the intersection of art and technology. Mr. Kaufman received his Bachelor of Arts degree in Sociology at The University of California, Santa Cruz and has been a member of the Council for Advancement and Support of Education (CASE) for over a decade.

CURRICULUM

Mirman School is committed to raising the whole child to their full potential. The School's curriculum is designed to nurture each child's unique course of intellectual, creative, kinesthetic, and social-emotional development, all in an environment dedicated to encouraging inclusivity through diversity of thought, experience, and culture. As a 1:1 laptop school in Grades 5-8 with iPads in the Lower School, Mirman fully integrates technology, hands-on exploration, and design thinking across its curriculum.

Art. Mirman's art curriculum begins in Kindergarten, where students explore the fundamentals of art and the joy of creating is reinforced. Kindergarteners are introduced to a variety of tools and media and build foundational skills in working with paper, paint, pencil, and clay. Over the course of a student's time in the Lower School, they are encouraged to produce more intricate compositions with one-point and three-point perspective; further develop painting proficiency with new techniques; and build more complex clay objects. They study a variety of art objects and traditions from diverse cultures, such as Persian miniatures, abstract Cubist paintings, African three-dimensional masks, and Islamic geometric designs.

English. Differentiated from the Humanities curriculum once students reach Upper School, Mirman's English program understands that reading is a core piece of discovery in scholarship and life. Students strengthen their practice of the English language as a wide range of texts from across place, time and genre are woven into the curriculum. In the process of cultivating the reading habits necessary to compare and critique, students also focus on honing written and spoken communication skills.

The School's English curriculum is designed to ensure students are fully prepared for high school. In their final year of instruction at Mirman, the focus is on mastery of the essential skills of inference and deduction and critical analysis. In the first semester, students read and respond to a wide range of American literature including Langston Hughes, Maya Angelou, John Steinbeck, Pat Mora, Claudia Rankine, Emily Dickenson, Ashley M. Jones, Robert Frost, and Ta-Nehisi Coates. Students consider the extent to which these writers hold mirrors or windows to them as readers and citizens. In the second semester, students read a range of literature from around the world, including "Romeo and Juliet." In addition to analyzing Shakespeare's language, structure, and form, students explore the play's context, universal themes, and determine its relevance to today. English class is also where the Eighth Grade students craft and polish the individual speeches they each give on their graduation day.

Electives. Upper School students further pursue their passions in elective offerings ranging from science fiction to coding to political science. Some offerings run all year long, while others rotate. Electives are offered based on student interest and faculty expertise.

Humanities. Students enter Mirman's Kindergarten with a broad spectrum of language arts and reading skills. Through the integrated thematic lens of community, a balanced literacy approach includes components such as guided reading, reading aloud, and independent writing. Utilizing the Teachers College Reading and Writing Workshop model, teachers differentiate and meet and challenge students accordingly. Over the course of a student's time in the Lower School, the Humanities curriculum expands to include language arts, library studies, and social studies.

History and Global Studies. Upper School students commence their study of history with World History I, an introductory course focused on exploring the four primary river valley cultures—Egypt, Mesopotamia, Ancient India, and Ancient China—before transitioning to Ancient Greece. In the Sixth Grade, students continue this study by surveying historical trends, forces, developments, and events around the world that connect multiple communities and underrepresented voices. Beginning with Greco-Roman society, students proceed to investigate the history and geography of the medieval world, including the rise and spread of Islamic civilization, Eastern and Western Sub-Saharan African empires, South Asia, and Central

and South America. Seventh Graders study U.S. History, beginning with European colonialism and the interactions and impacts of English colonialism on indigenous communities. Students continue to investigate the creation of the United States through the revolution and adoption of a republican government with emphasis on the Articles of Confederation and Constitution. Students cover the antebellum period, the Civil War, Reconstruction, the Gilded Age, and conflicting tensions during these periods.

Global Studies is a wide-ranging, interdisciplinary course for Eighth Grade students to explore past and present events that have impacted the development of our current “global society.” Through an in-depth study of critical events, students begin to understand how cultures, languages, and customs are shaped by the interactions of diverse individuals, communities, and nations as systems of power (and privilege) and governance shift. Students trace the developments of how varying cultures and national identities are diverse within and across space/time, and how each identity interact and influence the “global society”. Global studies focuses on the interconnections of diverse individuals, communities, and systems at the local and global level through detailed scholarship in history, politics, and multicultural education.

Innovation and Technology. Exposure to foundational concepts in technology begins in Kindergarten, with basic technology usage (care, upkeep, organization, touch typing, apps, etc.) being integrated into daily classroom life. When a student leaves the Lower School, they have built several years of experience as makers. In the culmination of their technology and design thinking studies in Lower School, Fourth Grade students work in close collaboration with their specialist instructors to produce a dynamic capstone project.

Mathematics. Mirman’s mathematics curriculum makes use of regular assessments to ensure that differentiated small-group instruction is calibrated appropriately as students move through the curriculum. Mirman’s Upper School math program is a comprehensive and flexible program that begins with Math Innovations as a foundational middle grades curriculum and progresses through Algebra, Geometry, Algebra 2, Precalculus, and Calculus. Based on their prior experience and current rates of acquisition and retention, students enter and exit the program in different places. The most typical progression is for students to take Innovations 1 in Fifth Grade, Innovations 2 in Sixth Grade, Algebra in Seventh Grade, and Geometry or Algebra 2 in Eighth Grade. Students who demonstrate readiness for courses outside of the normal progression have the opportunity to take Precalculus and Calculus before graduating from Mirman. All Mirman math classes emphasize mathematical analysis, problem solving, strong communication skills, depth and complexity, and continuous reflection about mathematical practices.

Physical Education. The Mirman physical education department guides students toward physical fitness, provides an experience tailored to each student's respective abilities, and advocates the development of social-emotional skills. In accordance with Shape National Standards, students participate in units including sportsmanship, coordinated movement, spatial awareness, locomotor skills, and body awareness through game play and fitness instruction. In Fourth Grade, all students are eligible to participate in competitive athletics, and practice with their teams during class time. Students who do not elect to play on a specific team with a coach will still benefit equally from the instruction — both in the social-emotional and physical aspects of athletics — of their physical education teachers. FitnessGram testing occurs both in the fall and spring. Athletes in the Upper School have the choice of participating in either organized athletics (practicing with their teams during class time) or working with their physical education teacher.

Science. Students are introduced to the process and practice of scientific inquiry by exploring integrated physical, life, Earth, and space sciences in Kindergarten. During their time in the Lower School, students refine the practice of the scientific method within a curriculum designed to solidify their knowledge base and skills within the life and physical sciences.

In Fifth Grade, students study a variety of scientific concepts and their applications in the real world, including the study of systems and system models. Students gain an understanding in the life sciences, physical sciences, and environmental sciences through discussion, scientific debate, and inquiry-based

design thinking projects. In Sixth Grade, students explore the planet Earth and our place on the planet. Students focus on developing models to illustrate how Earth’s interaction with the Sun and Moon shape our world. They then study the natural systems which shape Earth’s landscape, weather, and climate. A final unit on the interaction of Earth and humans culminates in a final project communicating consequences of and potential solutions to climate change.

In Seventh Grade, students explore the fundamentals of life via biology and ecology. Beginning on the cellular level and moving through the development of complex ecosystems, students gain a thorough understanding of the natural world from both a micro and macro perspective. The study of genetics and evolution rounds out the course syllabus. Projects have a heavy research focus (including Science Fair) in order to further develop students’ skills in data collection and analysis, modeling, and interpreting and presenting findings. In Eighth Grade, students explore chemical and physical concepts and how they relate to energy and energy transfer. Students begin the year delving into chemistry, developing lab-based protocols and skills. Physics is then explored with an emphasis on how forces and energy apply to our everyday lives. Students integrate mathematical concepts into testing predictions to prove established formulas. Students will also focus on ways science is used to enhance their everyday lives and the impact of scientific advancements on their world.

World Languages. As a student progresses through their Mirman education, they can choose to specialize in either a Mandarin or Spanish language track. In Kindergarten, students are exposed to both languages three times a week during their six-day rotation. Students learn in an active, playful environment. Mirman’s World Languages Department is focused on creating proficiency-based courses, with curriculum aligned to the standards and guidelines of the ACTFL (American Council on the Teaching of Foreign Languages). Teachers are dedicated to providing a dynamic, student-centered language acquisition experience. Students in Upper School may choose Latin, Mandarin, or Spanish, and progress one level per year.

FACULTY, ADMINISTRATION AND STAFF

For the 2025-26 academic year, the School employed 73 full-time faculty members and 43 non-faculty administrators, staff members, and part-time athletic coaches for a total of 116 employees.

The following table depicts the total years of teaching experience of the School’s faculty for the 2025-26 academic year.

Faculty Teaching Experience	
<u>Years of Teaching Experience</u>	<u># of Faculty</u>
0-5 years	51
6-10 years	18
11-15 years	2
16-20 years	0
<u>21+ years</u>	<u>2</u>
Total	73

The School benchmarks its faculty compensation against that of peer institutions within the Los Angeles metro area. The following table compares the School’s median faculty compensation against the median faculty compensation of all National Association of Independent Schools (“NAIS”)-affiliated institutions.

Over the past four years of available data, Mirman’s median faculty salaries have averaged 129.5% of the NAIS median faculty salaries.

Mean Faculty Salaries

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
Median Mirman Faculty Salary	\$ 83,950	\$ 83,950	\$ 83,336	\$ 80,250	\$ 85,000
NAIS Median Faculty Salary	60,000	63,103	65,423	68,103	n/a
Mirman as % of NAIS Median	139.9%	133.0%	127.4%	117.8%	n/a

Source: National Association of Independent Schools DASL and Mirman School internal records.

ENROLLMENT AND ADMISSIONS

The School’s admissions process is competitive. Over the past five application cycles, Mirman accepted an average of 38% of all applicants and 81% of accepted students enrolled at the School, demonstrating Mirman is the school of choice for over two-thirds of admitted students. The following table shows the number of applications, acceptances, and matriculants over the past four and current academic years.

Applications, Acceptances, and Matriculants

<u>Academic Year</u>	<u>Applications</u>	<u>Acceptances</u>	<u>Acceptance</u>		<u>Matriculation</u>		<u>Waitlisted Applicants</u>	<u>Total Enrollment</u>
			<u>Rate</u>	<u>Matriculants</u>	<u>Rate</u>			
2022-23	222	79	35.6%	69	87.3%	47	378	
2023-24*	242	133	55.0%	105	78.9%	55	417	
2024-25	233	80	34.3%	65	81.3%	72	427	
2025-26	271	90	33.2%	69	76.7%	82	427	
2026-27^	264	87	33.0%	71	81.6%	83	430	

* 2023-24 academic year reflects the opening of the 16,000 sq. ft. Learning Center, allowing Mirman to expand enrollment.

^ Partial year data as of June 2026.

Mirman considers its enrollment capacity to be 430 students based on its current facilities and grade layout. The School is subject to a conditional use permit (“CUP”) that limits enrollment to no greater than 430 students. Depending on the outcome of the School’s strategic planning process, the School may approach the City of Los Angeles for an amended CUP to allow for increased enrollment. Student enrollment by grade for the past five academic years is shown in the following table.

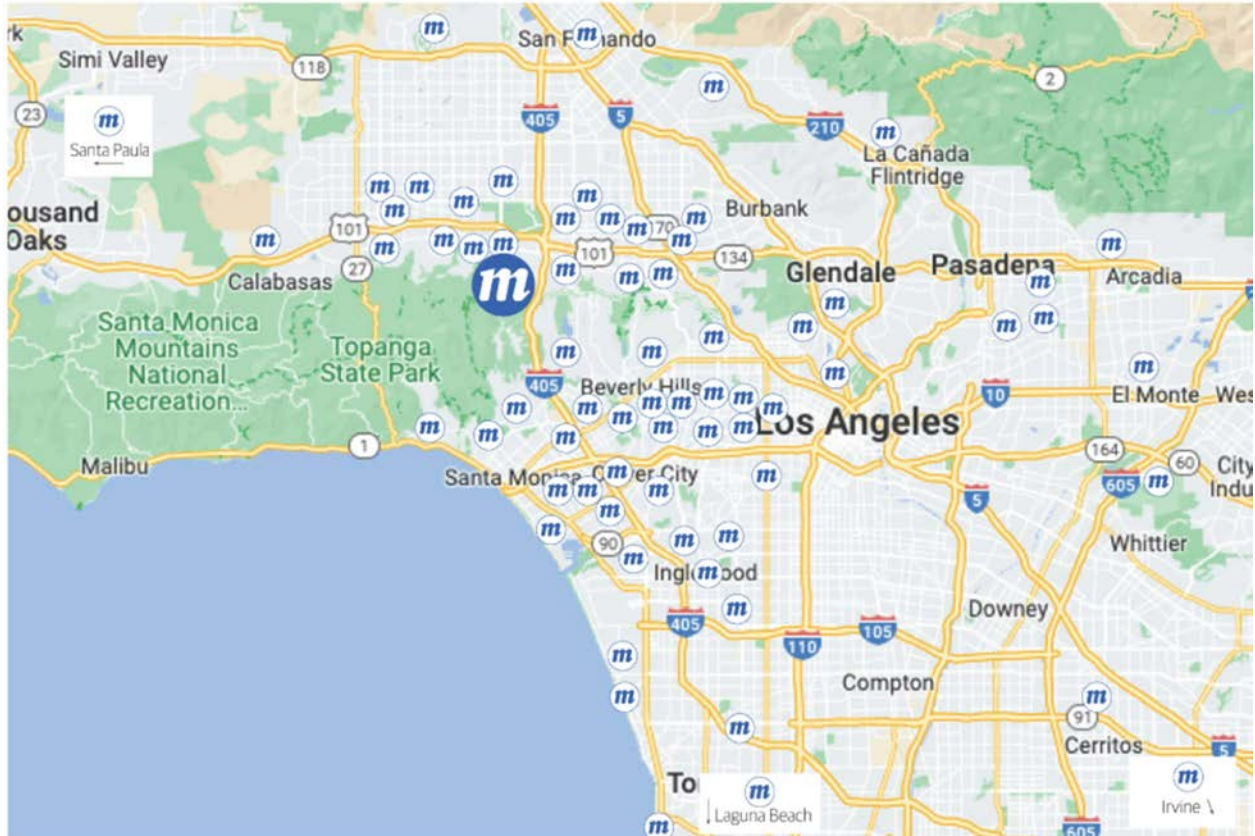
Annual Enrollment by Grade

<u>Grade</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
Kindergarten	39	41	54	54	54
First Grade	44	42	50	54	54
Second Grade	48	48	51	51	54
Third Grade	47	46	54	54	54
Fourth Grade	50	48	49	54	54
Fifth Grade	52	53	55	52	53
Sixth Grade	45	49	52	53	51
Seventh Grade	30	25	31	25	29
Eighth Grade	19	26	21	30	24
Total Enrollment	374	378	417	427	427

Source: Mirman School

For the upcoming 2026-27 academic year, Mirman anticipates opening enrollment of 430 students. This includes 359 signed re-enrollment contracts for existing Mirman students continuing at the School and 71 new students at Mirman, of which 55 will enter at the School’s primary entry point, Kindergarten.

Mirman’s students are drawn from a wide geographic area spanning much of the greater Los Angeles area. The School’s location in the Mulholland Drive corridor and proximate to US 405 facilitates enrollment from families spanning over 70 zip codes. The map below depicts the geographic diversity of Mirman’s students and families (each family is represented on the map below with a blue “m” in a white circle, the School’s location is denoted by a large white “m” in a blue circle).



Source: Mirman School and Google Maps

Attrition occurs at Mirman when students decide not to enroll for the following year or are counseled out by the School. Over the past five years, Mirman’s attrition rate has averaged 9.2%. In the Administration’s view, family relocation has been the most frequent reason for student attrition.

The following table depicts the percentage of students who have withdrawn or have not been granted re-enrollment to the School on an annual basis for the past five academic years:

Five Year History of Attrition			
<u>Academic Year</u>	<u>Students Eligible for Re-enrollment</u>	<u>Students Departing</u>	<u>Percentage of Enrollment</u>
2021-22	355	42	11.8%
2022-23	350	28	8.0%
2023-24	396	36	9.1%
2024-25	396	36	9.1%
2025-26	403	33	8.2%

Mirman graduates regularly go on to attend highly selective secondary schools both locally (public, charter, magnet, and independent schools) as well as nationally renowned independent boarding schools. The table below depicts a selection of the high schools attended by Mirman graduates in recent years.

Secondary School Attendance of Mirman Graduates

Secondary School

Brentwood School	New Roads School
Campbell Hall School	North Hollywood Highly Gifted Magnet
Chaminade College Preparatory School	High School
Crossroads School for the Arts & Sciences	Oakwood School
Geffen Academy at UCLA	Phillips Exeter Academy
Harvard-Westlake School	Rolling Hills Preparatory School
Loyola High School	St. John Bosco High School
Marlborough School	The Archer School for Girls
Marymount High School	Windward School

TUITION AND FINANCIAL AID

The following table shows the School’s tuition rates by academic program for the past five and upcoming academic years.

Historic Tuition Levels

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
Lower School (K-4) Tuition	\$ 35,550	\$ 37,950	\$ 40,530	\$ 42,430	\$ 44,430	\$ 46,875
<i>Annual % Increase</i>	3.1%	6.8%	6.8%	4.7%	4.7%	5.5%
Upper School (5-8) Tuition	\$ 39,350	\$ 41,975	\$ 44,800	\$ 46,900	\$ 49,100	\$ 51,800
<i>Annual % Increase</i>	3.1%	6.7%	6.7%	4.7%	4.7%	5.5%

The School benchmarks its tuition against other area and regional independent day schools. The following table depicts the 2026-27 academic year tuition rates for Mirman and its benchmark independent school group.

Comparative 2026-27 Tuition

<u>School</u>	<u>4th Grade Tuition</u>	<u>8th Grade Tuition</u>
Hillbrook School	47,500	51,100
Mirman School	\$ 46,875	\$ 51,800
Marin Primary and Middle School	46,300	49,900
John Thomas Dye School	46,096	--
Mark Day School	45,871	45,871
Westside Neighborhood School	45,440	51,050
Keys School	44,600	48,300
Berkeley Hall School	44,500	49,500
Curtis School	42,921	--

Source: Mirman School and websites of peer institutions. Note that data reflects only stated tuition rates and does not include additional fees, charges, or additional programs.

In the 2025-2026 school year, Mirman awarded \$2.3 million in financial aid, supporting 17.9% of its student body. The following table shows need-based financial aid awarded to students by the School for the past five academic years.

Financial Aid Awards					
<u>Year</u>	<u>Number of Aid Recipients</u>	<u>% of Student Body Receiving Aid</u>	<u>% of Tuition Revenue</u>	<u>Average Grant</u>	<u>Total Grants</u>
2021-22	73	19.5%	12.6%	\$ 23,841	\$ 1,740,400
2022-23	95	25.1%	14.2%	22,388	2,126,814
2023-24	70	16.8%	11.7%	29,499	2,064,942
2024-25	70	16.4%	11.5%	30,850	2,159,514
2025-26	77	17.9%	11.6%	29,859	2,299,115

FINANCIAL MATTERS

The following financial information for the fiscal years ended June 30, 2021 through June 30, 2025 reflects the financial results and financial position of the School derived from its audited financial statements and related notes for such fiscal years. The School’s audited financial statements and related notes for the fiscal years ended June 30, 2023 through June 30, 2025 were audited by Armanino LLP and appear in Appendix B hereto and the following financial information for such fiscal years should be read in conjunction therewith. Armanino LLP has not been engaged to perform and has not performed, since the date of such reports, any procedures on the financial statements addressed in those reports. Armanino LLP also has not performed any procedures relating to this offering document.

The School’s audited financial statements and related notes for the fiscal years ended June 30, 2021 and June 30, 2022 were audited by CliftonLarsonAllen LLP. CliftonLarsonAllen LLP has not been engaged to perform and has not performed, since the date of such reports, any procedures on the financial statements addressed in those reports. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document.

The School operates on a fiscal year basis ending June 30. The financial statements of the School have been prepared on an accrual basis in accordance with the U.S. Generally Accepted Accounting Principles (U.S. GAAP) for educational institutions. The table below summarizes the Statement of Activities Without Donor Restriction for the fiscal years ended June 30, 2021, 2022, 2023, 2024, and 2025.

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Statement of Activities (Without Donor Restriction)
(Fiscal Years Ended June 30,)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Revenues, gains, and other support:					
Tuition and fees, net	\$ 12,349,099	\$ 12,490,982	\$ 13,680,305	\$ 15,865,044	\$ 16,951,814
Student auxiliary revenues	--	--	764,404	880,939	1,089,187
Contributions	1,495,178	1,500,296	1,455,589	1,668,206	1,794,180
Investment income, net	1,793,329	(1,684,326)	730,089	1,570,387	1,056,259
Fundraising events, net	247,067	297,114	125,065	247,225	52,469
Other income	118,238	694,364	82,861	33,396	3,623
Nonrecurring debt forgiveness	1,430,317	--	--	--	--
Net assets released from donor restrictions	108,954	105,858	66,685	11,824,873	2,887,806
Total revenues, gains, and other support	<u>17,542,182</u>	<u>13,404,288</u>	<u>16,904,998</u>	<u>32,090,070</u>	<u>23,835,338</u>
Functional Expenses:					
Program	10,247,971	11,481,459	11,988,292	14,815,485	15,487,992
Supporting services					
General and administrative	3,155,481	3,535,542	3,919,829	4,573,354	4,687,215
Fundraising	603,758	677,139	749,288	717,600	706,838
Total expenses	<u>14,007,210</u>	<u>15,694,140</u>	<u>16,657,409</u>	<u>20,106,439</u>	<u>20,882,045</u>
Change in net assets	3,534,972	(2,289,852)	247,589	11,983,631	2,953,293
Net assets, beginning of year	<u>22,368,367</u>	<u>25,903,339</u>	<u>23,613,487</u>	<u>23,861,076</u>	<u>35,844,707</u>
Net assets, end of year	<u>\$ 25,903,339</u>	<u>\$ 23,613,487</u>	<u>\$ 23,861,076</u>	<u>\$ 35,844,707</u>	<u>\$ 38,798,000</u>

Source: Mirman School audited financial statements

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The following table depicts the School’s total net asset position, classified by the level of restriction, for the fiscal years ended June 30, 2021, 2022, 2023, 2024, and 2025.

Total Net Assets					
(Fiscal Years Ended June 30)					
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Without donor restriction	\$ 25,903,339	\$ 23,613,487	\$ 23,861,076	\$ 35,844,707	\$ 38,798,000
With donor restriction					
Time/Purpose	9,537,358	11,602,764	14,572,108	3,067,104	501,015
Unappropriated Earnings	406,556	4,915	70,309	244,086	374,454
Perpetual Restriction	1,450,924	1,460,216	1,463,388	1,464,106	1,489,974
Subtotal	<u>\$ 11,394,838</u>	<u>\$ 13,067,895</u>	<u>\$ 16,105,805</u>	<u>\$ 4,775,296</u>	<u>\$ 2,365,443</u>
Total net assets	<u>\$ 37,298,177</u>	<u>\$ 36,681,382</u>	<u>\$ 39,966,881</u>	<u>\$ 40,620,003</u>	<u>\$ 41,163,443</u>

Source: Mirman School audited financial statements

Management Discussion of Financial Performance

Financial Operating Performance. In recent years, Mirman’s financial operating performance has improved given the School’s enrollment increase facilitated by the opening of the Learning Center for the 2023-24 academic year. This new facility allowed Mirman to expand enrollment in the Lower School; for the 2025-26 academic year Mirman enrolled its capacity of 54 students for each grade spanning Kindergarten through 4th grade. Additionally, strong demand for Mirman has allowed the School to increase tuition annually, ranging from 4.7% to 5.5% for the past three tuition setting cycles. Enrollment and tuition growth have led to additional operating budget flexibility and surplus results for each of the past three years for which audited financial statements are available. Enrollment growth has also increased philanthropic giving to the School’s annual fund, where current parents typically comprise the largest portion of the donor base. For the fiscal year ended June 30, 2025, the School raised over \$1.7 million in support of annual operations. In addition to operations, the School has collected significant donor funds related to the School’s most recent capital campaign, with significant net assets released from restriction as the Learning Center project reached completion.

June 30, 2026 Unaudited Results. For the fiscal year ending June 30, 2026, based on preliminary unaudited results, the School currently anticipates an operating budget surplus of \$1.5 million. This surplus is a product of conservative budgeting practices (i.e. budgeting for enrollment below that of targeted capacity), disciplined expense management, a Board decision to budget a 2% contingency line-item annually, and strong results on both fundraising and net tuition revenue. The School also regularly evaluates and executes on operational efficiencies, most recently relative to technology expenditures and staffing – both of which have facilitated expense savings.

The School’s annual fund exceeded \$2.0 million for the fiscal year ending June 30, 2026, a record high level of annual fund giving at Mirman. Additionally, conservative budgeting practices (both in terms of budgeted enrollment and the 2% contingency line-item) have fueled expected favorable results to budget for the fiscal year ended 2026.

Balance Sheet and Liquidity Growth. As of June 30, 2025, Mirman reported total net assets of \$41.2 million, an increase of 10.3% over total net assets of \$37.3 million as of June 30, 2021. As of June 30, 2025, only \$2.4 million (5.7%) of the School’s total net assets were subject to donor restriction; the School reported \$38.8 million of net assets classified as “without donor restriction” for the fiscal year ended June 30, 2025.

The School's total cash and investment position has also increased in recent years, with total cash and investments of \$18.0 million as of June 30, 2025. These assets represent operating cash and working capital, unrestricted funds designated as reserves, Board-designated endowment funds (without donor restriction) and endowment funds subject to donor restriction. As of June 30, 2025, the School's endowment totaled \$7.4 million, of which \$5.6 million represented Board-designated endowment without donor restriction and \$1.9 million represented endowment funds subject to donor restriction.

Budget for Fiscal Year Ending June 30, 2027. The School has prepared, and the Board has approved, a balanced budget for the upcoming fiscal year – consistent with past practice at Mirman. Although the budget is built upon enrollment of 420 students, the School has signed enrollment contracts for 430 students representing approximately \$470,000 of unbudgeted additional revenue. Additionally, based on financial aid awards for the upcoming academic year, financial aid is anticipated to decrease year-over-year, improving net tuition revenue. Annual fund income is budgeted at a level less than March 31, 2026 year-to-date income for the current fiscal year, continuing the School's conservative revenue budgeting practices. These conservative assumptions serve to meet the School's goal to consistently generate an annual operating surplus.

Faculty salary and benefit expense is budgeted at a 7.5% increase, reflecting a faculty salary pool increase of 3.5% and 1.0 additional full time employee over the prior year budget. The School is also making strategic investments in its athletic programs, increasing the budget allocation by 20% year-over-year. General and administrative expenses are budgeted to increase by 9.2%, reflecting inflationary pressure and increases in insurance and other contracted services, most notably transportation. The budget also anticipates a significant increase in the security expense line-item as a result of consolidating security-related expenses previously spread across several line-items in the budget.

The budget also includes a contingency line-item, as required by Board policy for budget approval, providing additional flexibility for intra-year expense changes and/or year-end surplus results. The School does not specifically budget for depreciation expense but does budget for \$500,000 of capital expenditures annually. Of that amount, a significant portion is often capitalized, however, the School considers the practice of budgeting for capital expenditures a key driver of continued physical plant investment and avoidance of significant campus deferred maintenance.

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The School's internally prepared year-to-date results as of March 31, 2026 are depicted below, alongside the approved budgets for the fiscal years ending June 30, 2026 and 2027.

MIRMAN SCHOOL
2025-26 YTD RESULTS AND 2026-27 FINAL BUDGET

		Actual as of 3/31/26	Final Budget	Final Budget
		2025-2026	2025-2026	2026-2027
Tuition				
	2025-26	2026-27		
LS	\$ 44,430	\$ 46,875		
US	\$ 49,100	\$ 51,800		
Total				
Revenues				
Total Tuition & Fees Revenue	\$ 15,704,304	\$ 19,743,650	\$ 20,807,125	
Flexible Tuition	\$ (1,875,544)	\$ (2,440,000)	\$ (2,315,000)	
Net Tuition and Fees	\$ 13,828,760	\$ 17,303,650	\$ 18,492,125	
Current Gifts	\$ 1,869,065	\$ 1,725,000	\$ 1,825,000	
Endowment Support of Operations	\$ 165,000	\$ 220,000	\$ 220,000	
PSL Revenue & Expenses	\$ (76,394)	\$ 102,750	\$ 109,000	
Ancillary Program Fees	\$ 1,075,443	\$ 893,000	\$ 984,000	
Total Revenue	\$ 16,861,874	\$ 20,244,400	\$ 21,630,125	
Expenses				
Educational				
Faculty/TA Salaries & Benefits	\$ (6,893,557)	\$ (9,410,668)	\$ (10,117,762)	
Faculty Enrichment	\$ (203,005)	\$ (274,000)	\$ (274,000)	
Text/Workbook Purchases	\$ (19,950)	\$ (37,000)	\$ (37,000)	
Clerical/Tech. Support Academic	\$ (299,399)	\$ (317,500)	\$ (342,500)	
Athletics	\$ (120,694)	\$ (200,000)	\$ (240,000)	
Academic Programs (LS/US)	\$ (232,214)	\$ (361,000)	\$ (362,000)	
Co-Curricular Programs	\$ (407,582)	\$ (582,900)	\$ (600,000)	
Ancillary Instructional Programs	\$ (485,167)	\$ (609,000)	\$ (659,000)	
Total Educational Delivery	\$ (8,661,568)	\$ (11,792,068)	\$ (12,632,262)	
G&A				
General & Admin. Salaries & Benefits	\$ (1,560,952)	\$ (2,347,544)	\$ (2,503,010)	
General & Administrative Expenses	\$ (1,030,822)	\$ (1,107,600)	\$ (1,209,500)	
Technology - G&A	\$ (246,380)	\$ (224,000)	\$ (224,000)	
Insurance	\$ (543,292)	\$ (845,000)	\$ (845,000)	
Interest Expense	\$ (208,269)	\$ (271,000)	\$ (280,000)	
Total G&A	\$ (3,589,715)	\$ (4,795,144)	\$ (5,061,510)	
Advancement				
Advancement Salaries & Benefits	\$ (541,510)	\$ (710,000)	\$ (746,392)	
Other Advancement Expenses	\$ (74,951)	\$ (176,500)	\$ (181,500)	
Communications	\$ (26,986)	\$ (64,000)	\$ (66,000)	
Total Advancement	\$ (643,447)	\$ (950,500)	\$ (993,892)	
Facilities				
Facilities Salaries & Benefits	\$ (334,136)	\$ (530,000)	\$ (496,961)	
Facilities Expenses	\$ (852,627)	\$ (1,192,500)	\$ (1,290,500)	
Security	\$ (91,589)	\$ (79,500)	\$ (225,000)	
Facilities CapEx	\$ (500,000)	\$ (500,000)	\$ (500,000)	
Total Facilities	\$ (1,778,352)	\$ (2,302,000)	\$ (2,512,461)	
Contingency (2%)		\$ -	\$ (404,688)	\$ (430,000)
Total Operating Expenses	\$ (14,673,082)	\$ (20,244,400)	\$ (21,630,125)	
Net Surplus (Deficit) from Operations	\$ 2,188,792	\$ -	\$ -	

The School's fiscal year 2027 budget includes interest expense on the Existing Debt of \$280,000 and \$235,000 of rent expense related to the Existing Campus Lease, which are consistent with the scheduled expenses for these purposes. Given that interest on the Bonds will be owed for effectively all of the fiscal year ending June 30, 2027, the Finance Committee of the Board has elected to review the fiscal year 2027 budget in September 2027 and submit an updated budget for re-approval by the Board in the fall, reflecting inclusion of actual debt service on the Bonds and the elimination of interest on the Existing Debt and lease expenses under the Existing Campus Lease. The net impact is expected to be an increase of less than \$1 million for fiscal year 2027, which the School plans to service through operations, given its conservative budget estimates discussed above for enrollment, fundraising, and interest and dividend income as well as the Board's 2% budget contingency.

Investments and Endowment; Days Cash on Hand

As of June 30, 2025, Mirman School reported total cash and investments of \$18.0 million. This is comprised of operating cash, operating investments (additional working capital and reserves of the School, typically invested with the School's external investment advisor Bel Air Investments), and endowment investments (both Board-designated and donor-restricted). The table below depicts Mirman's total cash and investments for the fiscal years ended June 30, 2023, 2024, and 2025.

Total Cash and Investments

	<u>2023*</u>	<u>2024</u>	<u>2025</u>
Cash and Cash Equivalents	\$ 1,476,228	\$ 530,964	\$ 2,348,870
Operating Investments	14,630,879	10,138,817	8,111,309
Endowment Investments	4,890,151	7,007,297	7,492,562
Total Cash and Investments	<u>\$20,997,258</u>	<u>\$17,677,078</u>	<u>\$17,952,741</u>

* Includes approximately \$6.0 million of cash restricted to and ultimately used towards construction of the Learning Center.

The table below depicts Mirman's historical days cash on hand using the definition from the Series 2026 Loan Agreement, which requires the exclusion of perpetually restricted cash and/or investments.

Days Cash on Hand

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Cash and Cash Equivalents	\$ 1,476,228	\$ 530,964	\$ 2,348,870
Operating Investments	14,630,879	10,138,817	8,111,309
Endowment Investments	4,890,151	7,007,297	7,492,562
Less: Perpetual Restricted Funds	<u>(1,463,388)</u>	<u>(1,464,106)</u>	<u>(1,489,974)</u>
Days Cash on Hand Numerator	<u>\$19,533,870</u>	<u>\$16,212,972</u>	<u>\$16,462,767</u>
Gross Operating Expenses	\$16,657,409	\$20,106,439	\$20,882,045
Less: Depreciation	<u>(787,918)</u>	<u>(1,295,169)</u>	<u>(1,767,555)</u>
Operating Expenses	<u>\$15,869,491</u>	<u>\$18,811,270</u>	<u>\$19,144,490</u>
Operating Expenses / 365	\$43,478	\$51,538	\$52,368
Days Cash on Hand	449 Days	315 Days	314 Days

The School’s endowment consists of several individual funds established for a variety of purposes, including scholarship, faculty, and facility maintenance. The endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The School has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the School must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board, the School diversifies its investments, subject to practicality constraints, among a variety of asset classes so as to provide a balance intended to enhance total real return while avoiding undue risk concentration in any single asset class or investment category.

To satisfy its long-term rate-of-return objectives, the School relies on a total return strategy in which investment returns are designed to be achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The School targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The School has developed a policy to prudently balance competing goals of support for operations and purchasing power for the future. Rates are set to achieve long-term balance rather than to reflect near-term budget requirements and short-term variations in returns and inflation/deflation. At present, the Board approved spending rate is 4% of the trailing three-year average of endowment balances through the most recent fiscal year-end.

The table below depicts the School’s endowment balances by level of donor restriction as of June 30, 2025.

Endowment Net Asset Composition
at June 30, 2025

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total Net</u> <u>Endowment Assets</u>
Endowment Assets	\$ 5,628,134	\$ 1,864,428	\$ 7,492,562

Source: Mirman School audited financial statements

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As of April 30, 2026, the value of the School’s investment portfolio totaled \$12.5 million (unaudited). The following table displays the School’s combined asset summary as of April 30, 2026.

As of April 30, 2026	Operating Account		Endowment Account		Mirman School for Gifted Children	
	Market Value	% of Portfolio	Market Value	% of Portfolio	Market Value	% of Portfolio
Equities						
Domestic	\$ 1,596,900	68%	\$ 6,730,192	66%	\$ 8,327,092	67%
iShares Core S&P 500	1,302,614	55%	4,715,117	47%	6,017,731	48%
iShares Russell 1000 Growth ETF	186,061	8%	1,269,987	13%	1,456,048	12%
iShares Russell 1000 Value ETF	108,225	5%	745,088	7%	853,313	7%
International Developed	\$ 169,515	7%	\$ 329,172	3%	\$ 498,687	4%
WCM Focused International Growth	84,669	4%	148,512	1%	233,182	2%
Artisan International Value	84,845	4%	180,660	2%	265,505	2%
Emerging Markets	\$ 129,528	5%	\$ 369,373	4%	\$ 498,901	4%
Vanguard FTSE Emerging Markets ETF	129,528	5%	369,373	4%	498,901	4%
Total Equities	\$ 1,895,943	80%	\$ 7,428,737	73%	\$ 9,324,680	75%
Fixed Income						
Domestic Fixed Income	\$ 467,644	20%	\$ 2,522,943	25%	\$ 2,990,587	24%
Vanguard Short-Term Treasury Index Fund	467,644	20%	1,033,282	10%	1,500,926	12%
Vanguard Intermediate-Term Treasury Index Fund	-	0%	1,489,661	15%	1,489,661	12%
Total Fixed Income	\$ 467,644	20%	\$ 2,522,943	25%	\$ 2,990,587	24%
Cash & Equivalents	\$ -	0%	\$ 188,272	2%	\$ 188,272	2%
All Managed Accounts Combined	\$ 2,363,587	100%	\$ 10,139,952	100%	\$ 12,503,539	100%
YTD 2026 Change (Managed)					\$ 497,481	4.13%

Source: Bel Air Investments

Outstanding Indebtedness

The School incurred the Existing Debt in March 2022, with a maximum available principal amount of \$10 million, which the School fully drew down in fiscal year 2025. The Existing Debt is secured by substantially all assets of the School, which security interest will be deemed released upon payment in full of the Existing Debt with proceeds of the Bonds. The School was in compliance with its financial covenants under the documents for the Existing Debt as of June 30, 2025 and as of the date of this offering document. Interest expense on the Existing Debt for the year ended June 30, 2025 was \$281,340 and included \$4,423 amortization of loan issuance costs for the year ended June 30, 2025.

Lease Liabilities

Under the Existing Campus Lease, the School pays a base rent subject to adjustment based on increases in the Consumer Price Index, as defined, but not less than 3% nor more than 5% annually. In addition, the School pays all property taxes and insurance related to the leased property. The Existing Campus Lease will terminate upon the School’s acquisition of the Current Campus Leased Property with proceeds of the Bonds. See “**INTRODUCTION** – Strategic Real Estate Acquisitions – *Current Campus*.” The School’s financial results for the fiscal year ended June 30, 2025 included lease expense under the Existing Campus Lease of \$153,215 and total amounts paid thereunder of \$210,184.

Mirman also leases computer equipment for which payments totaling \$330,242 (inclusive of \$16,900 in discounts to present value) come due from July 2025 through August 2029.

ADVANCEMENT

Mirman School benefits significantly from the philanthropic support of its community. The School's Advancement Office works diligently to cultivate a community of philanthropy, providing numerous avenues for Mirman constituents to support the School. One of the largest, consistent efforts of the Advancement Office is Mirman School's annual fund, which provides unrestricted support to the operating budget on a recurring, annual basis. Mirman has experienced strong parent, faculty, and Board participation, with 95% or greater parent participation in recent years, and consistent 100% support of the faculty and Board. In recent years, the annual fund has represented approximately 10% of the School's overall operating revenue.

The table below depicts contributions to the School's Annual Fund by donor group for the fiscal years ended June 30, 2021, 2022, 2023, 2024, and 2025.

Annual Fund Support by Donor Category

	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
Trustees	\$ 153,100	\$ 146,016	\$ 115,816	\$ 88,269	\$ 109,212
Alumni	37,916	41,318	33,330	52,238	52,745
Current Parents	1,170,235	1,150,909	1,129,411	1,433,041	1,469,574
Corporations / Foundations	88,693	81,391	81,284	34,904	12,941
Other	60,234	52,251	115,748	84,254	96,889
Total	<u>\$ 1,510,178</u>	<u>\$ 1,471,885</u>	<u>\$ 1,475,589</u>	<u>\$ 1,692,706</u>	<u>\$ 1,741,361</u>

Source: Mirman School

Preliminary (unaudited) results indicate that the School will have received the highest amount of contributions towards its annual fund ever for fiscal year 2026, with more than \$2 million in unrestricted gifts, exceeding the budgeted goal by more than 15%.

The following table outlines the School's total philanthropic support, from all sources, for the fiscal years ended June 30, 2021, 2022, 2023, 2024, and 2025, presented on a cash and pledge basis and not in accordance with U.S. GAAP. Gifts for capital and plant include funds raised as part of Mirman's most recent capital campaign, which supported the construction of the Learning Center.

Philanthropic Support – All Gifts

	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
Annual Fund	\$ 1,510,178	\$ 1,471,885	\$ 1,475,589	\$ 1,692,706	\$ 1,741,361
Gifts for endowment	1,668	9,293	3,172	718	25,868
Gifts for capital and plant	1,593,949	2,949,857	2,224,091	2,064,729	979,208
Other gifts	--	--	--	--	350,000
Total	<u>\$ 3,105,795</u>	<u>\$ 4,431,035</u>	<u>\$ 3,702,852</u>	<u>\$ 3,758,153</u>	<u>\$ 3,096,437</u>

Source: Mirman School

Capital Campaigns

Initiated during the COVID-19 pandemic, the *Mirman Next* capital campaign successfully funded the Learning Center, which opened in September 2023. This campaign raised \$15 million, exceeding its original \$12.5 million goal. The Learning Center includes an Arts Pavilion and five new classrooms, allowing Mirman to enroll three sections of students in Kindergarten through 4th grade. The School has experienced exceptional collection rates on campaign pledges in recent years, and as of June 30, 2026 only \$1.0 million of pledges remain outstanding.

Building on the success of *Mirman Next* and the Learning Center, and in connection with acquiring the Adjacent Property and the Leased Current Campus Property, Mirman is in the early stages of preparing for its next capital campaign. The School expects to work through the campus master planning process beginning in Fall 2026 and then begin a feasibility study, develop a case statement, and continue donor stewardship towards a major capital campaign anticipated to begin in a quiet phase in 2027-2028.

STRATEGIC PLAN AND REAL ESTATE ACQUISITIONS

Building on the success of its strategic plan for the years 2022-25, Mirman has just approved the School's next strategic plan, for 2026-31.

Strategic Plan 2022-25. Highlights of Mirman's 2022-25 strategic plan include the successful execution of the *Mirman Next* capital campaign and opening of the Learning Center; continued investment in faculty, program, and curriculum to ensure Mirman remains a national leader in education for highly gifted students; innovative programs such as MirmanX (Mirman's start-up accelerator for Middle School students); and a continued focus on social-emotional learning and student well-being as Mirman strives to educate and support the whole child.

Strategic Plan 2026-2031. In 2026, the School's Board approved a new strategic plan designed to guide the School's strategic direction from 2026 through 2031, with extensive involvement of senior management, staff, parents, students, and other stakeholders. Mirman's vision for 2026-2031 is to be the leading model for highly gifted education – where exceptional leaders are challenged, known, and inspired to think deeply, act with purpose, and shape a complex world. The following sets forth the five pillars of this new strategic plan, and the related initiatives developed by the Board, with extensive involvement.

Strategic Pillar 1: Transform Learning for a Complex World

- Clearly articulate a clear, research based approach to highly gifted education
- Design signature programs that center interdisciplinary, real-world learning that builds thinkers, creators, and problem-solvers
- Implement a clear, schoolwide model of differentiation among disciplines
- Operationalize an applied, ethical, and creative AI learning framework
- Expand service learning projects to incorporate student voice and agency
- Evolve social and emotional learning curriculum and scope and sequence that is uniquely for highly gifted learners

Strategic Pillar 2: Championing Highly Gifted Education

- Enhance faculty professional development around best practices for highly gifted learners
- Launch Mirman Center for Gifted Education, a research and training center to provide opportunities for internal growth and external impact
- Establish Mirman as the thought leader in gifted education through original research, published papers, and conference presentations
- Create systems to better understand and serve our students using cutting edge technology, including AI

Strategic Pillar 3: Inclusive Excellence and Deep Belonging

- Clearly articulate and exemplify how diversity strengthens academic excellence
- Expand accessibility to student support and school experiences so each student has full access to the Mirman experience
- Build a shared understanding of giftedness that strengthens belonging by developing shared institutional language about giftedness and differentiation

- Deepen identity development, cultural competency, and affinity programming
- Ensure belonging is intentionally supported at key student moments of transition
- Design cross-community experiences that cultivate genuine connection, mutual understanding, and a shared sense of belonging

Strategic Pillar 4: A Community of Remarkable Talent

- Invest in faculty growth, for both lead and associate teachers, through clear career pathways and ongoing professional development
- Evolve compensation and human resources practices to sustain and attract excellence
- Strengthen trust through transparent communication, feedback, and shared responsibility
- Cultivate a connected, mission-aligned adult community as distinguished by deep trust, shared purpose, and a collective commitment to serving highly gifted students

Strategic Pillar 5: A Campus for the Future

- Develop a comprehensive, long term campus master plan (the “**Campus Master Plan**”) aligned with the strategic vision
- Design a multi-year fundraising strategy to support campus development and future capital campaigns
- Maintain financial stability and responsible stewardship throughout campus expansion
- Evaluate enrollment strategy and current conditional use permitting to determine the highest and best use of the Acquired Property
- Create a sustainable long-term financial model that supports the successful implementation of the strategic plan

Real Estate Acquisitions and Campus Master Plan

Given the timing of the School’s acquisition of the Leased Current Campus Property and the Adjacent Property, the School remains in the early stages of developing the Campus Master Plan.

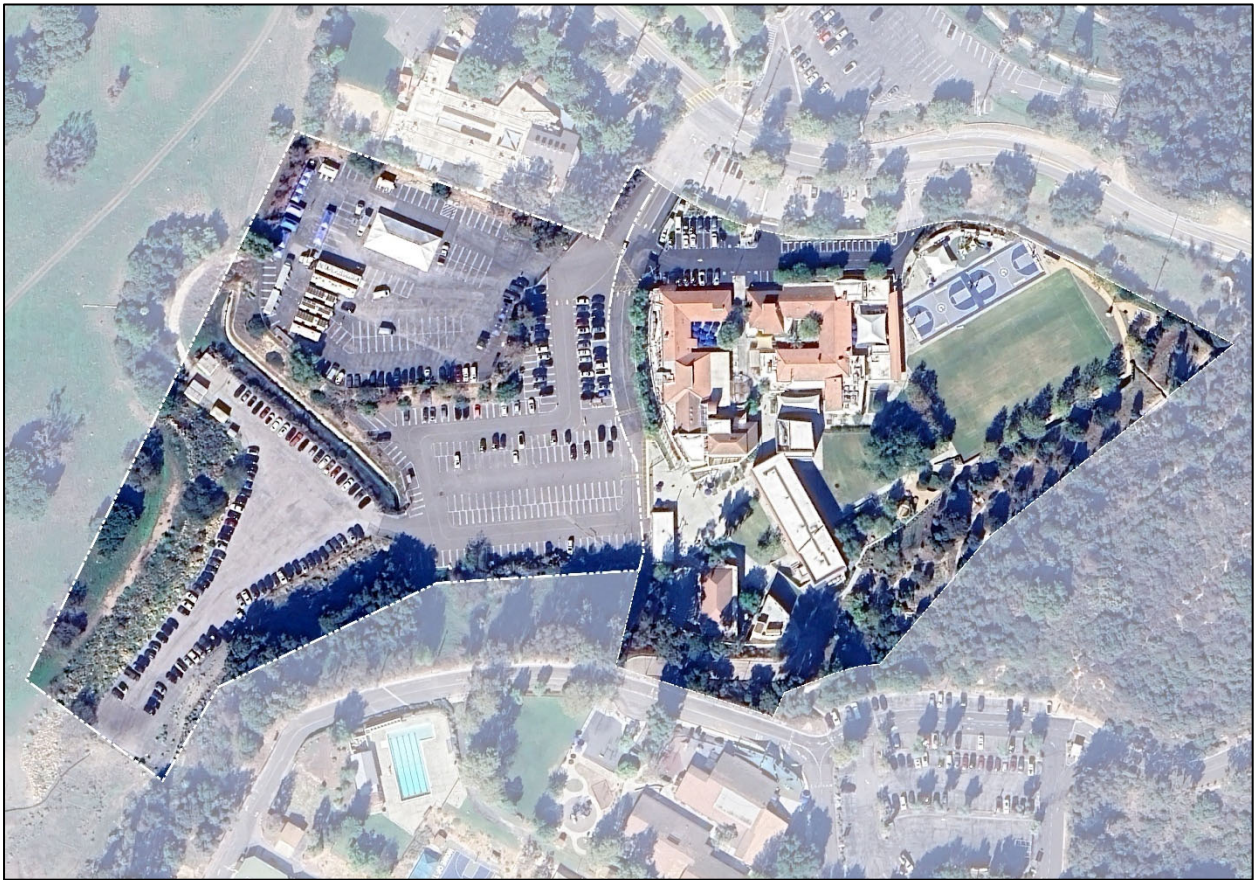
Upon acquisition of the Current Campus Leased Property, the School intends to tie all of the real estate parcels comprising the Current Campus into a single, unified real estate parcel (and, if deemed advisable including the Adjacent Property), which is expected to be exempt from Los Angeles County property taxes because of the School’s tax-exempt status. The School also believes this will streamline the entitlement and conditional use permit process for future development of the School’s campus.

Mirman currently utilizes portions of the Adjacent Property for its student pick-up and drop-off, an essential function given the School’s location and proximity to other independent schools with similar daily schedules and commuting patterns. In the near term, the School plans to continue to use the property as parking lots, both for Mirman use and as a continuation of the current owner’s historic, intermittent rental of parking for film and production studios as well as other schools, churches, and cultural institutions on or adjacent to the Mulholland Drive corridor. The School will evaluate potential uses for the Adjacent Property, and funding therefor, as part of developing the Campus Master Plan.

The following image depicts Mirman's Current Campus facilities. This map is not oriented on a north/south basis, but reflects a view from the perspective of entering the School's campus from the frontage lot adjacent to Mulholland Drive.



The following image is an aerial photo of Mirman’s Current Campus and the Adjacent Property. The map below is presented on a north/south basis.



ACCREDITATION AND MEMBERSHIPS

Mirman School is accredited by the California Association of Independent Schools (CAIS) and the Western Association of Schools and Colleges (WASC). The School's CAIS accreditation has just been renewed at the highest CAIS accreditation level – a seven year renewal – through July 31, 2033. The School is a member of California Independent Schools Business Officers Association (Cal-ISBOA), CAIS, National Association of Independent Schools (NAIS), NBOA, National Association for Gifted Children (NAGC), The Heads Network, and Association of Technology Leaders in Independent Schools (ATLIS).

RETIREMENT PLANS

The School maintains a 403(b) defined contribution retirement plan for eligible employees. Eligibility begins immediately upon commencement of employment. Participants can make voluntary tax-deferred contributions to the plan up to statutory limits. Under the plan, the School matches 5% of eligible compensation for qualified employees. For the year ended June 30, 2025, the School's contributions to the plan were approximately \$438,000.

INSURANCE

The School carries standard industry insurance policies, including but not limited to auto, commercial fire, crime, general liability, umbrella, Directors & Officers liability, employment practice liability, workers compensation, trustee and fiduciary liability, property, earthquake, business interruption, cybersecurity, and student health and accidents.

LITIGATION

The School has no knowledge of any threatened or existing claim or litigation which is not expected to be covered by insurance (subject to applicable deductibles), or which the School believes will otherwise have a material adverse impact on the School's financial condition or operations.

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APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF
THE MIRMAN SCHOOL FOR GIFTED CHILDREN
FOR THE FISCAL YEARS DESCRIBED HEREIN**

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The Mirman School For Gifted Children

Financial Statements

June 30, 2025
(With Comparative Totals for 2024)



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Mirman School For Gifted Children

Opinion

We have audited the accompanying financial statements of The Mirman School For Gifted Children (the "School"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities 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 Mirman School For Gifted Children 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Mirman School For Gifted Children 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 Mirman School For Gifted Children's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, including omissions, 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 generally accepted 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 Mirman School For Gifted Children'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 Mirman School For Gifted Children'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.

Report on Summarized Comparative Information

We have previously audited The Mirman School For Gifted Children's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 10, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Armanino LLP

Los Angeles, California

December 3, 2025

The Mirman School For Gifted Children
Statement of Financial Position
June 30, 2025
(With Comparative Totals for 2024)

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 2,348,870	\$ 530,964
Operating investments	8,111,309	10,138,817
Tuition and fees receivable, net	71,567	97,194
Contractual tuition and fees receivable	6,554,038	5,578,566
Contributions receivable, net	1,697,091	2,719,193
Prepaid expenses and other assets	434,454	585,833
Operating lease right-of-use assets	497,552	566,249
Property and equipment, net	43,725,689	42,876,283
Endowment investments	7,492,562	7,007,297
Total assets	\$ 70,933,132	\$ 70,100,396
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 276,650	\$ 650,606
Construction related payables	-	558,093
Accrued payroll, taxes and benefits	1,513,674	1,441,109
Retirement plan liability	-	172,426
Deferred tuition and fees	10,969,475	10,617,652
Contractual unearned tuition and fees	6,554,038	5,578,566
Operating lease liabilities	575,263	685,775
Loan payable, net	9,880,589	9,776,166
Total liabilities	29,769,689	29,480,393
Net assets		
Without donor restrictions		
Undesignated	32,538,730	29,914,466
Board-designated for endowment	5,628,134	5,299,105
Board-designated for reserves	631,136	631,136
Total without donor restrictions	38,798,000	35,844,707
With donor restrictions	2,365,443	4,775,296
Total net assets	41,163,443	40,620,003
Total liabilities and net assets	\$ 70,933,132	\$ 70,100,396

The accompanying notes are an integral part of these financial statements.

The Mirman School For Gifted Children
Statement of Activities
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Revenues, gains, and other support				
Tuition and fees, net	\$ 16,951,814	\$ -	\$ 16,951,814	\$ 15,865,044
Student auxiliary revenues	1,089,187	-	1,089,187	880,939
Contributions	1,794,180	285,154	2,079,334	1,882,657
Investment income, net	1,056,259	192,799	1,249,058	1,850,300
Fundraising events, net of expenses of \$402,674	52,469	-	52,469	247,225
Other income	3,623	-	3,623	33,396
Net assets released from donor restrictions	<u>2,887,806</u>	<u>(2,887,806)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>23,835,338</u>	<u>(2,409,853)</u>	<u>21,425,485</u>	<u>20,759,561</u>
Functional expenses				
Program	<u>15,487,992</u>	<u>-</u>	<u>15,487,992</u>	<u>14,815,485</u>
Supporting services				
Management and general	4,687,215	-	4,687,215	4,573,354
Fundraising	<u>706,838</u>	<u>-</u>	<u>706,838</u>	<u>717,600</u>
Total supporting services	<u>5,394,053</u>	<u>-</u>	<u>5,394,053</u>	<u>5,290,954</u>
Total functional expenses	<u>20,882,045</u>	<u>-</u>	<u>20,882,045</u>	<u>20,106,439</u>
Change in net assets	2,953,293	(2,409,853)	543,440	653,122
Net assets, beginning of year	<u>35,844,707</u>	<u>4,775,296</u>	<u>40,620,003</u>	<u>39,966,881</u>
Net assets, end of year	<u>\$ 38,798,000</u>	<u>\$ 2,365,443</u>	<u>\$ 41,163,443</u>	<u>\$ 40,620,003</u>

The accompanying notes are an integral part of these financial statements.

The Mirman School For Gifted Children
Statement of Cash Flows
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 543,440	\$ 653,122
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,767,555	1,295,169
Amortization of loan issuance costs	4,423	8,845
Change in allowance for doubtful contributions receivable	(15,000)	(20,000)
Net realized and unrealized gains from investments	(1,064,036)	(1,569,582)
Contribution revenue restricted for long-term purposes	-	(213,733)
Contribution revenue restricted for endowment	(25,868)	(718)
Reduction in carrying amount of operating lease right-of-use assets	282,659	(57,090)
Changes in operating assets and liabilities		
Tuition and fees receivable, net	25,626	(77,311)
Contractual tuition and fees receivable	(975,472)	(472,622)
Prepaid expenses and other assets	151,380	221,197
Accounts payable and accrued expenses	(387,722)	265,202
Accrued payroll, taxes and benefits	72,565	168,035
Retirement plan liability	(172,426)	58,406
Deferred tuition and fees	351,823	299,592
Contractual unearned tuition and fees	975,472	472,622
Operating lease liabilities	(324,474)	(8,610)
Net cash provided by operating activities	1,209,945	1,022,524
Cash flows from investing activities		
Purchases of investments	(14,305,284)	(19,310,250)
Proceeds from the sale of investments	16,911,563	23,254,749
Purchases of property and equipment	(3,161,288)	(11,947,734)
Net cash used in investing activities	(555,009)	(8,003,235)
Cash flows from financing activities		
Proceeds from draws on loan payable	100,000	3,950,000
Collection of contributions restricted for long-term purposes	1,037,102	2,084,729
Collection of contributions restricted for endowment	25,868	718
Net cash provided by financing activities	1,162,970	6,035,447
Net increase (decrease) in cash and cash equivalents	1,817,906	(945,264)
Cash and cash equivalents, beginning of year	530,964	1,476,228
Cash and cash equivalents, end of year	\$ 2,348,870	\$ 530,964
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 293,919	\$ 262,465
Supplemental schedule of noncash investing and financing activities		
Property and equipment included in construction related payables	\$ -	\$ 558,093
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	\$ 213,962	\$ -

The accompanying notes are an integral part of these financial statements.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2025

1. NATURE OF OPERATIONS

The Mirman School for Gifted Children (the "School") is located in Los Angeles, California. The School is an independent co-educational school designed to meet the needs of highly-gifted children ages 5 to 14, grades kindergarten through the eighth grade.

Nestled in a seven-acre campus atop Mulholland Drive in Los Angeles, the School is proud to be celebrating 60 years of educating highly gifted children. The School's teachers, parents, and administrators fuel the learning synergy of approximately 430 students from broadly diverse cultural and socio-economic backgrounds. Collectively, they create an educational haven for the academic nurturing, intellectual stimulation, emotional care, artistic fostering, physical health, social and ethical development, humanistic interests, and personal growth of an underserved (and often overlooked) population of children.

Mission Statement: We cultivate the boundless potential of highly gifted children, nurture their passions and talents, and develop a diverse community of creative and constructive lifelong learners.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements of the School have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

Net assets and changes therein are classified as follow:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor-imposed restrictions. The School's governing board may designate net assets without restrictions for specific purposes.

Net assets with donor restrictions - Net assets subject to donor-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 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.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as transfers between the applicable classes of net assets. Contributions with donor-imposed restrictions whose restriction are satisfied in the same reporting period as received are reported as net assets without donor restrictions.

Board-designated net assets

The School allocates certain net assets without restrictions to board-designated categories to facilitate the spending policies established by the Board of Trustees ("Board"). Board-designated – endowment represents amounts to be used for general purposes at the discretion of the Board. Board-designated – reserve fund represents amounts to be used for future major repairs and maintenance and to be used for capital construction.

Revenue recognition and deferred tuition and fees

The School recognizes revenue from student tuition and fees during the year in which the related services are provided to students. The performance obligation of delivering educational services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the academic year. Payment for tuition may be required before the start of the academic year. All amounts received prior to the commencement of the academic year, including enrollment deposits, are deferred and fully recognized as revenue within the next fiscal year. Financial aid provided to students is recorded as a reduction from the posted tuition at the time revenue is recognized. Summer school fees are deferred and recognized as earned at the end of the summer school term. Financial aid was \$2,290,695 for the year ended June 30, 2025.

Contractual tuition and fees receivable include tuition and fee amounts due under fully executed and non-cancelable student enrollment agreements, net of applicable discounts and financial aid, for the upcoming 2025-2026 school year. Contractual unearned tuition and fees include unearned tuition and fee amounts that will be collected within the next twelve months and will be satisfied through the performance obligations of delivering educational services to students during the upcoming 2025-2026 school year. The School uses the allowance method to account for expected credit losses for tuition and fees receivable for the upcoming school year based on historical collection experience and expectations of future cash flows. An allowance for expected credit losses was not deemed necessary for contractual tuition and fees receivable as of June 30, 2025 and 2024.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition and deferred tuition and fees (continued)

Students who withdraw completely before June 15 may receive a refund less the advance tuition deposit in accordance with the School's enrollment contract. After June 15, tuition and fees are nonrefundable.

Student auxiliary revenues

Student auxiliary revenues primarily consists of fees for daily bus service, summer camps, student trips, and after-school programs.

Contributions and promises to give

Contributions received are reported as net assets with or without donor restrictions, depending upon donor restrictions, if any.

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the donor-imposed barriers have been met by the School and there is no longer a right of return or release. During the year ended June 30, 2025, the School did not receive any conditional contributions. Contributions that are promised in one year but are not expected to be collected until after the end of that year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and current aging of contributions receivable.

Contributed goods and services

Contributed materials and equipment are reflected as contributions in the accompanying statements at their estimated fair values at date of receipt. Contributed services are reflected in the financial statements at the fair value of the services received. Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. No material contributed goods or services meeting the criteria described above were received during the year ended June 30, 2025. The School receives donated services from parents of students and other volunteers in carrying out the School's educational mission. No amounts have been recognized in the accompanying financial statements because the criteria for recognition of such volunteer efforts as contributed services have not been satisfied.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, amounts deposited in interest bearing bank and money market accounts and highly liquid short-term investments with original maturity dates of three months or less. The School considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, unless the cash or cash equivalents are held for reinvestment as part of the School's investment portfolio or otherwise restricted or designated. Periodically, cash on deposit may be in excess of federally insured limits. The School believes that it mitigates this risk by maintaining deposits with high credit quality institutions.

Tuition and fees receivable

The School uses the allowance method to account for doubtful tuition and fees. The allowance for expected credit losses ("AECL") related to tuition and fees receivable is based on historical collection experience and expectations of future cash flows based on the evaluation of the outstanding receivables at the end of the year. Bad debt recoveries are included in income as realized. Receivables are written-off as a charge to the AECL for tuition and fees when it is probably that the underlying receivable will not be collected. The AECL for tuition and fees receivable was \$1,710 and \$945 at June 30, 2025 and 2024, respectively.

Investments

Investments are recorded at fair value. Investments received by donation are recorded at fair value at the date of donation. Net realized and unrealized gains or losses are classified as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor restriction or by law.

The School has investments in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the School's account balances and the amounts reported in the statement of financial position.

Property and equipment, net

Property and equipment purchased by the School are stated at cost, while donated property and equipment are stated at fair value at the date of donation. It is the School's policy to capitalize expenditures of these items in excess of \$2,000. Minor repairs and maintenance are charged to expense as incurred. Major repairs and maintenance that extend the useful life of the respective asset are capitalized.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment, net (continued)

Depreciation is computed using the straight-line method based on the estimated useful lives of the assets, generally as follows:

Buildings and improvements	20 - 40 years
Furniture, fixtures and equipment	5 years
Computers and software	3 years

Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered, the School, using its best estimates and projections, reviews for impairment the carrying value of long-lived identifiable assets to be held and used in the future. No long-lived assets were deemed to be impaired as of June 30, 2025.

Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The School determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value (Level 1, Level 2 and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the School has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

Unobservable inputs reflect the School's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the School's own data.

The following methods and assumptions were used to estimate the fair value of assets and liabilities:

- Investments (Level 1) - Investment securities traded on security exchanges are valued at closing market prices on the date closest to June 30.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The School leases a portion of its land from a trust owned by the son and daughter of the founder of the School and computer equipment from unrelated third parties under noncancelable 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, if any, are included in property and equipment and finance lease liabilities on the statement of financial position. There were no finance leases at June 30, 2025.

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. As most of leases do not provide an implicit rate, the School uses its incremental borrowing 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 School will exercise that option. Lease expense for 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 an expense when incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

Loan issuance costs

The School has capitalized the related costs incurred in connection with its debt offerings which consisted primarily of underwriter's discounts, letter of credit fees and costs, trustee and tender agent fees, attorney's fees, printing costs, and other miscellaneous costs of delivery. These costs are being amortized into interest expense using the straight-line method over the term of the loan payable. The unamortized loan issuance costs are being presented net of the related loan payable in the accompanying statement of financial position.

Income taxes

The School is a nonprofit corporation defined in Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from federal income taxation under Section 501(a) of the Code. The School is also exempt from state income taxation under 23701d of the California Revenue and Taxation Code.

The School's management has evaluated its current tax positions and has concluded that as of June 30, 2025, the School does not have any significant uncertain tax positions for which a reserve would be necessary.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional expense allocation

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Expenses, such as payroll and benefits, have been allocated among program services and supporting services based upon the employees' estimated time spent by function. Facility related costs such as depreciation, interest and maintenance have been allocated based on estimated square footage used by various departments.

Comparative financial information

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

Subsequent events

The School has evaluated subsequent events through December 3, 2025, the date that these financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the presentation of the School's financial statements.

3. LIQUIDITY AND AVAILABILITY

The School monitors liquidity required and cash flows to meet its operating needs on an annual basis. It structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The School has various sources of liquidity at its disposal, including cash and accounts receivable. In addition, the School has additional investments, which can be made available if needed. The School invests cash in excess of its monthly requirements in short-term investments.

Long term investments include endowment funds consisting of donor-restricted endowment funds and funds designated by the School's Board. As described in Note 11, the School may appropriate up to 4% of a trailing three-year average of the endowment fund's total asset value as of June 30th.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2025

3. LIQUIDITY AND AVAILABILITY (continued)

The board-designated funds could be made available in its entirety, if needed.

The following is a quantitative disclosure which describes financial assets that are available within one year of June 30, 2025 to fund general expenditures and other obligations as they become due:

Cash and cash equivalents	\$ 2,348,870
Operating investments	8,111,309
Tuition and fees receivable, net	71,567
Contractual tuition and fees receivable	6,554,038
Short-term contributions receivable	674,000
Endowment investments	<u>7,492,562</u>
	<u>25,252,346</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(2,365,443)
Board-designated funds	<u>(6,259,270)</u>
	<u>(8,624,713)</u>
	 <u><u>\$ 16,627,633</u></u>

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consisted of the following:

Operating investments	\$ 8,111,309
Endowment investments	<u>7,492,562</u>
	 <u><u>\$ 15,603,871</u></u>

Investments consisted of the following at June 30, 2025:

	Level 1	Level 2	Level 3	Total
Exchange traded funds	\$ 10,625,431	\$ -	\$ -	\$ 10,625,431
US Treasuries	4,237,406	-	-	4,237,406
International mutual funds	<u>741,034</u>	<u>-</u>	<u>-</u>	<u>741,034</u>
	<u><u>\$ 15,603,871</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,603,871</u></u>

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2025

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

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

Interest and dividends	\$ 241,889
Realized gains	702,072
Unrealized gains	361,964
Investment management fees	<u>(56,867)</u>
	<u>\$ 1,249,058</u>

5. CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net consisted of the following:

Due in less than one year	\$ 674,000
Due in one to five years	<u>1,073,626</u>
	1,747,626
Less: discounts to present value at 3%	(45,535)
Less: allowance for doubtful contributions	<u>(5,000)</u>
	<u>\$ 1,697,091</u>

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

Land	\$ 4,063,185
Buildings and improvements	50,507,622
Furniture, fixtures and equipment	3,922,732
Computers and software	<u>1,575,544</u>
	60,069,083
Accumulated depreciation	<u>(16,343,394)</u>
	<u>\$ 43,725,689</u>

Depreciation expense amounted to \$1,767,555 for the year ended June 30, 2025.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2025

7. LOAN PAYABLE, NET

On March 2, 2022, the School entered into a loan agreement with its bank. Under the terms of the agreement, the School can borrow up to \$10,000,000. The School may draw on the loan until August 31, 2025. The loan bears interest at the fixed rate of 2.75%. During the year ended June 30, 2025, the School drew \$100,000 on this facility, bringing total draws since inception of the loan to \$10,000,000. The loan agreement requires interest only payments from April 1, 2022 through September 1, 2025 and principal and interest payments from October 1, 2025 through April 1, 2052. The loan is collateralized by a security agreement covering the School's operating revenues, assets and accounts, as defined.

Under the terms of the loan payable, the School has agreed to maintain specific financial covenants for which the School was in compliance at June 30, 2025.

Interest expense on the loan payable for the year ended June 30, 2025 was \$281,340 and included \$4,423 amortization of loan issuance costs for the year ended June 30, 2025.

The future maturities of the loan payable are as follows:

<u>Year ending June 30,</u>	
2026	\$ 193,971
2027	264,232
2028	270,974
2029	279,347
2030	287,236
Thereafter	<u>8,704,240</u>
	10,000,000
Less: unamortized loan issuance costs	<u>(119,411)</u>
	<u>\$ 9,880,589</u>

8. LEASES

Land lease

The School leases certain land on which the School is located under a noncancelable operating lease agreement which expires on July 31, 2026. Under the terms of the lease, the School pays a base rent subject to adjustment based on increases in the Consumer Price Index, as defined, but not less than 3% nor more than 5% annually. In addition, the School pays all property taxes and insurance related to the property. The School has the option to renew the lease for two consecutive 15-year periods and the right of first refusal to purchase the property should the lessor decide to sell the premises. In addition, the lease includes provisions which give credit to the School for the value of improvements made, whether the property is purchased by the School or sold to a third party. Further, when the School purchased land for the upper school in 1994, the County of Los Angeles required the individual properties to be treated as one parcel with a provision that no portion shall be sold separately.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2025

8. LEASES (continued)

The land lease agreement is with a trust owned by the son and daughter of the founder of the School. The son served as a member of the Board of the School during the year ended June 30, 2025.

Lease expense for the land lease for the year ended June 30, 2025 totaled to \$153,215. Cash paid for the land lease for the year ended June 30, 2025 totaled to \$210,184.

Future minimum operating lease payments, with annual increases of 3% on the land lease, are as follows:

<u>Year ending June 30,</u>		
2026	\$	216,489
2027		<u>33,105</u>
		249,594
Less: discounts to present value		<u>(4,573)</u>
	\$	<u><u>245,021</u></u>

Computer leases

The School is committed under various noncancelable operating leases for computer equipment. Leases have been recognized as right-of-use assets on the accompanying statement of financial position. The leases carry separate terms and expire at various date through August 2029.

Lease expense for computer equipment for the year ended June 30, 2025 totaled to \$182,072. Cash paid for the computer equipment leases for the year ended June 30, 2025 totaled to \$168,235.

Payments on the computer leases are due as follows:

<u>Year ending June 30,</u>		
2026	\$	147,083
2027		144,114
2028		48,067
2029		<u>7,878</u>
		347,142
Less: discounts to present value		<u>(16,900)</u>
	\$	<u><u>330,242</u></u>

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2025

8. LEASES (continued)

Right-of-use assets consisted of the following:

Land operating lease	\$ 155,284
Computer equipment operating lease	<u>342,268</u>
	<u><u>\$ 497,552</u></u>

Operating lease liabilities are detailed as follows:

Lease liability, land	\$ 245,021
Lease liability, computer equipment	<u>330,242</u>
	<u><u>\$ 575,263</u></u>

The weighted-average lease terms and discount rates are as follows:

Weighted-average discount rate - operating lease	4.86 %
Weighted-average remaining lease term - operating lease	2.02 years

9. RETIREMENT PLAN

The School sponsors a 403(b) defined contribution retirement plan for eligible employees. Eligibility begins immediately upon commencement of employment. Participants can make voluntary tax-deferred contributions to the plan up to statutory limits. Under the plan, the School matches 5% of eligible compensation for qualified employees. For the year ended June 30, 2025, the School's contributions to the plan were approximately \$438,000.

10. NET ASSETS WITH DONOR RESTRICTIONS

The School has net assets with donor restrictions consisting of the following:

Restricted Purposes:	
Mirman X	\$ 115,482
Other programs	<u>385,533</u>
	<u><u>501,015</u></u>

Subject to the School's spending policy and appropriation: Investments in perpetuity (including amounts above the original gift amount of \$1,489,974), which, once appropriated, is expendable to support:

General endowment	<u>1,864,428</u>
	<u><u>\$ 2,365,443</u></u>

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2025

10. NET ASSETS WITH DONOR RESTRICTIONS (continued)

During the year ended net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, expiration of time or by occurrence of other events specified by donors, as follows:

Capital campaign - Mirman Next	\$ 2,824,161
Endowment earnings appropriated for expenditure	62,431
Mirman X	<u>1,214</u>
	<u>\$ 2,887,806</u>

11. ENDOWMENT

The School's endowment consists of several individual funds established for a variety of purposes, including scholarship, faculty, and facility maintenance. The endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The School is subject to the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board appropriates such amounts for expenditure. These net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The School's Investment Policy, approved by the Board, provides for prudent management, spending, and annual reporting of endowment fund performance. Appropriations from the endowment are made in accordance with a Board-approved spending policy. The purpose of a spending policy is to provide annual distributions to support school operations while still preserving the spending power of the endowment for future generations. All appropriations are subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Board.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2025

11. ENDOWMENT (continued)

Interpretation of relevant law (continued)

In accordance with UPMIFA, the School considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the School
- (7) The investment policies of the School

Return objectives and risk parameters

The School has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the School must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board, the School diversifies its investments, subject to practicality constraints, among a variety of asset classes so as to provide a balance that will enhance total real return while avoiding undue risk concentration in any single asset class or investment category.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the School relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The School targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy

The School has developed a policy to prudently balance competing goals of support for operations and purchasing power for the future. Rates are set to achieve long-term balance rather than to reflect near-term budget requirements and short-term variations in returns and inflation/deflation. At present, the Board deems that a spending rate equal to 4% of the trailing three-year average of endowment balances through the most recent fiscal year-end is appropriate to achieve that objective.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2025

11. ENDOWMENT (continued)

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the permanent value of the endowed funds. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets without donor restrictions. There were no such deficiencies as of June 30, 2025.

Endowment composition

Endowment net asset composition by type of fund as of June 30, 2025 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 5,628,134	\$ -	\$ 5,628,134
Donor restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,489,974	1,489,974
Unexpended endowment earnings	-	374,454	374,454
	<u>-</u>	<u>1,864,428</u>	<u>1,864,428</u>
	<u>\$ 5,628,134</u>	<u>\$ 1,864,428</u>	<u>\$ 7,492,562</u>

Changes in endowment net assets for the fiscal year ended June 30, 2025 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, June 30, 2024	\$ 5,299,105	\$ 1,708,192	\$ 7,007,297
Investment income, net	486,598	192,799	679,397
Contributions	-	25,868	25,868
Appropriation of endowment assets for expenditure	(157,569)	(62,431)	(220,000)
	<u>329,029</u>	<u>156,236</u>	<u>485,265</u>
Balance, June 30, 2025	<u>\$ 5,628,134</u>	<u>\$ 1,864,428</u>	<u>\$ 7,492,562</u>

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2025

12. FUNCTIONAL ALLOCATION OF EXPENSES

The table below presents expenses by both their natural and functional classifications:

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Direct Donor Benefit</u>	<u>Total</u>
Salaries	\$ 7,524,689	\$ 2,133,483	\$ 417,189	\$ -	\$10,075,361
Benefits and payroll taxes	1,595,620	477,552	97,141	-	2,170,313
Facilities and plant	2,158,928	342,941	39,529	-	2,541,398
Depreciation	1,528,935	229,782	8,838	-	1,767,555
Office and administration	97,439	1,017,229	1,412	-	1,116,080
Student activities and auxiliary	2,308,770	-	-	-	2,308,770
Interest expense	3,826	277,492	22	-	281,340
Other	<u>269,785</u>	<u>208,736</u>	<u>142,707</u>	<u>402,674</u>	<u>1,023,902</u>
	15,487,992	4,687,215	706,838	402,674	21,284,719
Less expenses included in revenues					
Direct donor benefit	<u>-</u>	<u>-</u>	<u>-</u>	<u>(402,674)</u>	<u>(402,674)</u>
	<u>\$15,487,992</u>	<u>\$ 4,687,215</u>	<u>\$ 706,838</u>	<u>\$ -</u>	<u>\$20,882,045</u>

13. CONCENTRATIONS AND CREDIT RISKS

The School extends credit to parents requesting installment payments throughout the school year. The ability of the parents to honor the installment payment contracts is dependent upon their individual earnings and cash flows. Historically, losses on these contracts have not been significant.

The School's tuition revenues are derived primarily from families that live in the Los Angeles Area. As such, the School's enrollment and operations could be negatively impacted depending on the condition of the Los Angeles Area economy.

Instructors and key administrators are employed on an annual contract basis. These contracts expire at the end of the fiscal year. Generally, the School has been able to retain the services of desired instructors and administrators, and has not experienced any decline in its programs due to this concentration.

At June 30, 2025, approximately 86% of the School's gross outstanding contributions receivable was due from one donor. During the year ended June 30, 2025, approximately 17% of the School's contributions revenue was received from one donor.

14. RELATED PARTY TRANSACTIONS

For the year ended June 30, 2025, the School received approximately \$109,000 in contributions from members of the Board and approximately \$11,000 in contributions from employees.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2025

14. RELATED PARTY TRANSACTIONS (continued)

As disclosed in Note 8, the School's land lease agreement is with a member of the Board who is related to the founder of the School.

The Mirman School For Gifted Children

Financial Statements

June 30, 2024

(With Comparative Totals for 2023)



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Mirman School For Gifted Children
Los Angeles, California

Opinion

We have audited the accompanying financial statements of The Mirman School For Gifted Children (the "School"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities 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 Mirman School For Gifted Children as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Mirman School For Gifted Children 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 Mirman School For Gifted Children's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, including omissions, 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 generally accepted 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 Mirman School For Gifted Children'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 Mirman School For Gifted Children'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.

Report on Summarized Comparative Information

We have previously audited The Mirman School For Gifted Children's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Armanino^{LLP}
San Ramon, California

December 10, 2024

The Mirman School For Gifted Children
Statement of Financial Position
June 30, 2024
(With Comparative Totals for 2023)

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 530,964	\$ 1,476,228
Operating investments	10,138,817	14,630,879
Tuition and fees receivable, net	97,194	19,882
Contractual tuition and fees receivable	5,578,566	5,105,944
Contributions receivable, net	2,719,193	4,570,189
Prepaid expenses and other assets	585,833	807,032
Operating lease right-of-use assets	566,249	509,159
Property and equipment, net	42,876,283	34,220,739
Endowment investments	7,007,297	4,890,151
Total assets	\$ 70,100,396	\$ 66,230,203
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 650,606	\$ 385,404
Construction related payables	558,093	2,555,114
Accrued payroll, taxes and benefits	1,441,109	1,273,074
Retirement plan liability	172,426	114,020
Deferred tuition and fees	10,617,652	10,318,060
Contractual unearned tuition and fees	5,578,566	5,105,944
Operating lease liabilities	685,775	694,385
Loan payable, net	9,776,166	5,817,321
Total liabilities	29,480,393	26,263,322
Net assets		
Without donor restrictions		
Undesignated	29,914,466	19,373,486
Board designated for endowment	5,299,105	3,356,454
Board designated for reserves	631,136	1,131,136
Total without donor restrictions	35,844,707	23,861,076
With donor restrictions	4,775,296	16,105,805
Total net assets	40,620,003	39,966,881
Total liabilities and net assets	\$ 70,100,396	\$ 66,230,203

The accompanying notes are an integral part of these financial statements.

The Mirman School For Gifted Children
Statement of Activities
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Revenues, gains, and other support				
Tuition and fees, net	\$ 15,865,044	\$ -	\$ 15,865,044	\$ 13,680,305
Student auxiliary revenues	880,939	-	880,939	764,404
Contributions	1,668,206	214,451	1,882,657	4,406,631
Investment income, net	1,570,387	279,913	1,850,300	861,154
Fundraising events, net of expenses of \$263,959	247,225	-	247,225	125,065
Other income	33,396	-	33,396	105,349
Net assets released from donor restrictions	<u>11,824,873</u>	<u>(11,824,873)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>32,090,070</u>	<u>(11,330,509)</u>	<u>20,759,561</u>	<u>19,942,908</u>
Functional expenses				
Program	<u>14,815,485</u>	<u>-</u>	<u>14,815,485</u>	<u>11,988,292</u>
Supporting services				
Management and general	4,573,354	-	4,573,354	3,919,829
Fundraising	<u>717,600</u>	<u>-</u>	<u>717,600</u>	<u>749,288</u>
Total supporting services	<u>5,290,954</u>	<u>-</u>	<u>5,290,954</u>	<u>4,669,117</u>
Total functional expenses	<u>20,106,439</u>	<u>-</u>	<u>20,106,439</u>	<u>16,657,409</u>
Change in net assets	11,983,631	(11,330,509)	653,122	3,285,499
Net assets, beginning of year	<u>23,861,076</u>	<u>16,105,805</u>	<u>39,966,881</u>	<u>36,681,382</u>
Net assets, end of year	<u>\$ 35,844,707</u>	<u>\$ 4,775,296</u>	<u>\$ 40,620,003</u>	<u>\$ 39,966,881</u>

The accompanying notes are an integral part of these financial statements.

The Mirman School For Gifted Children
Statement of Cash Flows
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	2024	2023
Cash flows from operating activities		
Change in net assets	\$ 653,122	\$ 3,285,499
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,295,169	787,918
Amortization of loan issuance costs	8,845	-
Change in allowance for doubtful contributions receivable	(20,000)	(20,000)
Net realized and unrealized gains from investments	(1,569,582)	(748,687)
Contribution revenue restricted for long-term purposes	(213,733)	(2,947,870)
Contribution revenue restricted for endowment	(718)	(3,172)
Reduction in carrying amount of operating lease right-of-use assets	(57,090)	109,785
Changes in operating assets and liabilities		
Tuition and fees receivable, net	(77,311)	26,660
Contractual tuition and fees receivable	(472,622)	(1,296,375)
Prepaid expenses and other assets	221,197	(263,148)
Accounts payable and accrued expenses	265,202	204,320
Accrued payroll, taxes and benefits	168,035	231,473
Retirement plan liability	58,406	36,578
Deferred tuition and fees	299,592	598,003
Contractual unearned tuition and fees	472,622	1,316,375
Operating lease liabilities	(8,610)	(171,896)
Net cash provided by operating activities	1,022,524	1,145,463
Cash flows from investing activities		
Purchases of investments	(19,310,250)	(29,100,318)
Proceeds from the sale of investments	23,254,749	19,930,182
Purchases of property and equipment	(11,947,734)	(12,541,835)
Net cash used in investing activities	(8,003,235)	(21,711,971)
Cash flows from financing activities		
Proceeds from draws on loan payable	3,950,000	3,550,000
Collection of contributions restricted for long-term purposes	2,084,729	2,124,091
Collection of contributions restricted for endowment	718	3,172
Net cash provided by financing activities	6,035,447	5,677,263
Net decrease in cash and cash equivalents	(945,264)	(14,889,245)
Cash and cash equivalents, beginning of year	1,476,228	16,365,473
Cash and cash equivalents, end of year	\$ 530,964	\$ 1,476,228
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 262,465	\$ 76,389
Supplemental schedule of noncash investing and financing activities		
Property and equipment included in construction related payables	\$ 558,093	\$ 2,555,114

The accompanying notes are an integral part of these financial statements.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2024

1. NATURE OF OPERATIONS

The Mirman School for Gifted Children (the "School") is located in Los Angeles, California. The School is an independent co-educational school designed to meet the needs of highly-gifted children ages 5 to 14, grades kindergarten through the eighth grade.

Nestled in a six-acre campus atop Mulholland Drive in Los Angeles, the School is proud to be celebrating 60 years of educating highly gifted children. The School's teachers, parents, and administrators fuel the learning synergy of approximately 420 students from broadly diverse cultural and socio-economic backgrounds. Collectively, they create an educational haven for the academic nurturing, intellectual stimulation, emotional care, artistic fostering, physical health, social and ethical development, humanistic interests, and personal growth of an underserved (and often overlooked) population of children.

Mission Statement: We cultivate the boundless potential of highly gifted children, nurture their passions and talents, and develop a diverse community of creative and constructive lifelong learners.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements of the School have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

Net assets and changes therein are classified as follow:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor-imposed restrictions. The School's governing board may designate net assets without restrictions for specific purposes.

Net assets with donor restrictions - Net assets subject to donor-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 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.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as transfers between the applicable classes of net assets. Contributions with donor-imposed restrictions whose restriction are satisfied in the same reporting period as received are reported as net assets without donor restrictions.

Board-designated net assets

The School allocates certain net assets without restrictions to board-designated categories to facilitate the spending policies established by the Board of Trustees ("Board"). Board-designated – endowment represents amounts to be used for general purposes at the discretion of the Board. Board-designated – reserve fund represents amounts to be used for future major repairs and maintenance and to be used for capital construction. Investment in property and equipment represents the net balance of land, facilities and equipment less the loan payable net of loan issuance costs.

Revenue recognition and deferred tuition and fees

The School recognizes revenue from student tuition and fees during the year in which the related services are provided to students. The performance obligation of delivering educational services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the academic year. Payment for tuition may be required before the start of the academic year. All amounts received prior to the commencement of the academic year, including enrollment deposits, are deferred and fully recognized as revenue within the next fiscal year. Financial aid provided to students is recorded as a reduction from the posted tuition at the time revenue is recognized. Summer School fees are deferred and recognized as earned at the end of the summer school term. Financial aid was \$2,146,946 for the year ended June 30, 2024.

Contractual tuition and fees receivable include tuition and fee amounts due under fully executed and non-cancelable student enrollment agreements, net of applicable discounts and financial aid, for the upcoming 2024-2025 school year. Contractual unearned tuition and fees include unearned tuition and fee amounts that will be collected within the next twelve months and will be satisfied through the performance obligations of delivering educational services to students during the upcoming 2024-2025 school year. The School uses the allowance method to account for expected credit losses for tuition and fees receivable for the upcoming school year based on historical collection experience and expectations of future cash flows. An allowance for expected credit losses was not deemed necessary for contractual tuition and fees receivable as of June 30, 2024 and 2023.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition and deferred tuition and fees (continued)

Students who withdraw completely before June 15 may receive a refund less the advance tuition deposit in accordance with the School's enrollment contract. After June 15, tuition and fees are nonrefundable.

Student auxiliary revenues

Student auxiliary revenues primarily consists of fees for daily bus service, summer camps, student trips, and after-school programs.

Contributions and promises to give

Contributions received are reported as net assets with or without donor restrictions, depending upon donor restrictions, if any.

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the donor-imposed barriers have been met by the School and there is no longer a right of return or release. During the year ended June 30, 2024, the School did not receive any conditional contributions. Contributions that are promised in one year but are not expected to be collected until after the end of that year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and current aging of contributions receivable.

Contributed goods and services

Contributed materials and equipment are reflected as contributions in the accompanying statements at their estimated fair values at date of receipt. Contributed services are reflected in the financial statements at the fair value of the services received. Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. No material contributed goods or services meeting the criteria described above were received during the year ended June 30, 2024. The School receives donated services from parents of students and other volunteers in carrying out the School's educational mission. No amounts have been recognized in the accompanying financial statements because the criteria for recognition of such volunteer efforts as contributed services have not been satisfied.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, amounts deposited in interest bearing bank and money market accounts and highly liquid short-term investments with original maturity dates of three months or less. The School considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, unless the cash or cash equivalents are held for reinvestment as part of the School's investment portfolio or otherwise restricted or designated. Periodically, cash on deposit may be in excess of federally insured limits. The School believes that it mitigates this risk by maintaining deposits with high credit quality institutions.

Tuition and fees, receivable

The School uses the allowance method to account for doubtful tuition and fees. The allowance for expected credit losses ("AECL") related to tuition and fees receivable is based on historical collection experience and expectations of future cash flows based on the evaluation of the outstanding receivables at the end of the year. Bad debt recoveries are included in income as realized. The AECL for tuition and fees receivable was \$945 and \$715 at June 30, 2024 and 2023, respectively. There were no material changes to the AECL during the year ended June 30, 2024 and 2023.

Investments

Investments are recorded at fair value. Investments received by donation are recorded at fair value at the date of donation. Net realized and unrealized gains or losses are classified as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor restriction or by law.

The School has investments in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the School's account balances and the amounts reported in the statement of financial position.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment purchased by the School are stated at cost, while donated property and equipment are stated at fair value at the date of donation. It is the School's policy to capitalize expenditures of these items in excess of \$2,000. Minor repairs and maintenance are charged to expense as incurred. Major repairs and maintenance that extend the useful life of the respective asset are capitalized. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets, generally as follows:

Buildings and improvements	20 to 40 years
Furniture, fixtures and equipment	5 - 7 years
Computers and software	3 years

Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered, the School, using its best estimates and projections, reviews for impairment the carrying value of long-lived identifiable assets to be held and used in the future. No long-lived assets were deemed to be impaired as of June 30, 2024.

Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The School determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value (Level 1, Level 2 and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the School has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

Unobservable inputs reflect the School's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the School's own data.

The following methods and assumptions were used to estimate the fair value of assets and liabilities:

- Investments (Level 1) - Investment securities traded on security exchanges are valued at closing market prices on the date closest to June 30.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The School leases a portion of its land from a trust owned by the son and daughter of the founder of the School and computer equipment from unrelated third parties under noncancelable 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, if any, are included in property and equipment and finance lease liabilities on the statement of financial position. There were no finance leases at June 30, 2024.

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. As most of leases do not provide an implicit rate, the School uses its incremental borrowing 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 School will exercise that option. Lease expense for 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 an expense when incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

Loan issuance costs

The School has capitalized the related costs incurred in connection with its debt offerings which consisted primarily of underwriter's discounts, letter of credit fees and costs, trustee and tender agent fees, attorney's fees, printing costs, and other miscellaneous costs of delivery. These costs are being amortized into interest expense using the straight-line method over the term of the loan payable. The unamortized loan issuance costs are being presented net of the related loan payable in the accompanying statement of financial position.

Income taxes

The School is a nonprofit corporation defined in Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from federal income taxation under Section 501(a) of the Code. The School is also exempt from state income taxation under 23701d of the California Revenue and Taxation Code.

The School's management has evaluated its current tax positions and has concluded that as of June 30, 2024, the School does not have any significant uncertain tax positions for which a reserve would be necessary.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Uses of estimates include, but are not limited to, the allowance for expected credit losses for tuition and fees receivable and contractual tuition and fees receivable, the allowance for doubtful contributions receivable, useful lives of property and equipment and functional expense allocation. Actual results could differ from those estimates.

Functional expense allocation

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Expenses, such as payroll and benefits, have been allocated among program services and supporting services based upon the employees' estimated time spent by function. Facility related costs such as depreciation, interest and maintenance have been allocated based on estimated square footage used by various departments.

Reclassifications

Certain amounts presented in the prior year financial statements have been reclassified to conform to the current year presentation. Such reclassifications had no net effect on total assets, liabilities, net assets, or changes in net assets. The 2023 financial statements presented herein for comparative purposes include a reclassification of previously reported cash and cash equivalents to investments which impacted the net cash used in investing activities and net change in cash and cash equivalents in the statement of cash flows.

Change in accounting principle

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASC") 326, *Financial Instruments - Credit Losses* ("FASB ASC 326"), which significantly changed how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in the standard is a shift from an "incurred loss" model to an "expected credit loss" model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing the entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the School that are subject to the guidance in FASB ASC 326 are tuition and fees receivable and contractual tuition and fees receivable.

The School adopted FASB ASC 326 effective July 1, 2023. The impact of the adoption was not considered material to the School's financial statements.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

The School has evaluated subsequent events through December 10, 2024, the date that these financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the presentation of the School's financial statements.

3. LIQUIDITY AND AVAILABILITY

The School monitors liquidity required and cash flows to meet its operating needs on an annual basis. It structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The School has various sources of liquidity at its disposal, including cash and accounts receivable. In addition, the School has additional investments, which can be made available if needed. The School invests cash in excess of its monthly requirements in short-term investments.

Long term investments include endowment funds consisting of donor-restricted endowment funds and funds designated by the School's Board. As described in Note 11, the School may appropriate up to 4% of a trailing three-year average of the endowment fund's total asset value as of June 30th.

The board-designated funds could be made available in its entirety, if needed.

The following is a quantitative disclosure which describes financial assets that are available within one year of June 30, 2024 to fund general expenditures and other obligations as they become due:

Cash and cash equivalents	\$ 530,964
Operating investments	10,138,817
Tuition and fees receivable, net	97,194
Contractual tuition and fees receivable	5,578,566
Short-term contributions receivable	1,053,938
Endowment investments	<u>7,007,297</u>
	<u>24,406,776</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(4,775,296)
Board-designated funds	<u>(5,930,241)</u>
	<u>(10,705,537)</u>
	<u>\$ 13,701,239</u>

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2024

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consisted of the following:

Operating investments	\$ 10,138,817
Endowment investments	<u>7,007,297</u>
	<u><u>\$ 17,146,114</u></u>

Investments consisted of the following at June 30:

	Level 1	Level 2	Level 3	Total
Exchange traded funds	\$ 9,176,336	\$ -	\$ -	\$ 9,176,336
Domestic mutual funds	989,985	-	-	989,985
International mutual funds	810,175	-	-	810,175
U.S. Treasuries	<u>6,169,618</u>	<u>-</u>	<u>-</u>	<u>6,169,618</u>
	<u><u>\$ 17,146,114</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 17,146,114</u></u>

Investment income, net for the year ended June 30, 2024, was comprised of the following:

Interest and dividends	\$ 348,850
Realized gains	597,002
Unrealized gains	972,580
Investment management fees	<u>(68,132)</u>
	<u><u>\$ 1,850,300</u></u>

5. CONTRIBUTIONS RECEIVABLE

In 2019, the School began a multi-phase capital campaign (Capital Campaign - Mirman Next) to provide additional contemporary learning spaces including art and science spaces that will serve the School's learners. The Learning Center project includes improvements to portions of existing facilities and the construction of a new academic building on the School's existing six-acre footprint on Mulholland Drive. As of June 30, 2024, the construction on the Learning Center Project was completed. Contributions receivable are recorded using a discount rate that approximates 3%.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2024

5. CONTRIBUTIONS RECEIVABLE (continued)

Contributions receivable, net consisted of the following:

Due in less than one year	\$ 1,053,938
Due in one to five years	1,780,821
	2,834,759
Less: discounts to present value	(95,566)
Less: allowance for doubtful contributions	(20,000)
	\$ 2,719,193

6. PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following:

Land	\$ 4,063,185
Buildings and improvements	48,186,136
Furniture, fixtures and equipment	3,660,715
Computers and software	1,542,085
	57,452,121
Accumulated depreciation	(14,575,838)
	\$ 42,876,283

Depreciation expense amounted to \$1,295,169 for the year ended June 30, 2024.

7. LOAN PAYABLE

On March 2, 2022, the School entered into a loan agreement with JP Morgan Chase (formerly "First Republic Bank"). Under the terms of the agreement, the School can borrow up to \$10,000,000. The School may draw on the loan until August 31, 2025. The loan bears interest at the fixed rate of 2.75%. During the year ended June 30, 2024, the School drew \$3,950,000 on this facility. The loan agreement requires interest only payments from April 1, 2022 through September 1, 2025 and principal and interest payments from October 1, 2025 through April 1, 2052. Principal payment terms to be determined after the draw period, which ends on August 31, 2025. The loan is collateralized by a security agreement covering the School's operating revenues, assets and accounts as defined.

Under the terms of the loan payable, the School has agreed to maintain specific financial covenants for which the School was in compliance at June 30, 2024.

Interest expense on the loan payable for the year ended June 30, 2024 was \$259,107 and included \$8,845 amortization of loan issuance costs and approximately \$113,000 of capitalized interest to property and equipment for the year ended June 30, 2024.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2024

7. LOAN PAYABLE (continued)

Loan payable, net consisted of the following:

Loan payable	\$ 9,900,000
Less unamortized loan issuance costs	<u>(123,834)</u>
	<u><u>\$ 9,776,166</u></u>

8. LEASES

Land lease

The School leases certain land on which the School is located under a noncancelable operating lease agreement which expires on July 31, 2026. Under the terms of the lease, the School pays a base rent subject to adjustment based on increases in the Consumer Price Index, as defined, but not less than 3% nor more than 5% annually. In addition, the School pays all property taxes and insurance related to the property. The School has the option to renew the lease for two consecutive 15-year periods and the right of first refusal to purchase the property should the lessor decide to sell the premises. In addition, the lease includes provisions which give credit to the School for the value of improvements made, whether the property is purchased by the School or sold to a third party. Further, when the School purchased land for the upper school in 1994, the County of Los Angeles required the individual properties to be treated as one parcel with a provision that no portion shall be sold separately.

The land lease agreement is with a trust owned by the son and daughter of the founder of the School. The son served as a member of the Board of the School during the year ended June 30, 2024.

Rent expense for the land lease for the year ended June 30, 2024 totaled to \$152,089.

Future minimum operating lease payments, with annual increases of 3% on the land lease, are as follows:

<u>Year ending June 30,</u>	
2025	\$ 210,184
2026	216,489
2027	<u>18,085</u>
	444,758
Less: discounts to present value	<u>(17,227)</u>
	<u><u>\$ 427,531</u></u>

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2024

8. LEASES (continued)

Computer leases

The School is committed under various noncancelable operating leases for computer equipment. Leases have been recognized as right-of-use assets on the accompanying statement of financial position. The leases carry separate terms and expire at various date through August 2027.

Lease expense for computer equipment for the year ended June 30, 2024 totaled to \$169,238.

Payments on the computer leases are due as follows:

<u>Year ending June 30,</u>		
2025	\$	100,719
2026		88,383
2027		85,414
		<u>274,516</u>
Less: discounts to present value		<u>(16,272)</u>
	\$	<u><u>258,244</u></u>

Right-of-use assets consisted of the following:

Land operating lease	\$	290,304
Computer equipment operating lease		<u>275,945</u>
	\$	<u><u>566,249</u></u>

Operating lease liabilities are detailed as follows:

Lease liability, land	\$	427,531
Lease liability, computer equipment		<u>258,244</u>
	\$	<u><u>685,775</u></u>

The weighted-average lease terms and discount rates are as follows:

Weighted-average discount rate	4.54%
Weighted-average remaining lease term	2.41 years

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2024

9. RETIREMENT PLAN

The School sponsors a 403(b) defined contribution retirement plan for eligible employees. Eligibility begins immediately upon commencement of employment. Participants can make voluntary tax-deferred contributions to the plan up to statutory limits. Under the plan, the School matches 5% of eligible compensation for qualified employees. For the year ended June 30, 2024, the School's contributions to the plan were approximately \$408,000.

The School maintains a 457(b) nonqualified tax-deferred compensation plan for its Head of School. The assets under the 457(b) plan are held in custody by an independent manager. The School also contributes to an individual deferred compensation insurance policy owned by the Head of School with The Penn Insurance and Annuity Company ("Penn"). The School sends the deferred compensation authorized by the Board of Trustees to Penn each pay period for the benefit of the Head of School. For the year ended June 30, 2024, contributions to Penn of \$55,300 were made.

10. NET ASSETS WITH DONOR RESTRICTIONS

The School has net assets with donor restrictions consisting of the following:

Restricted Purposes:	
Capital Campaign - Mirman Next	\$ 2,919,875
Mirman X	116,696
Other program expenses	<u>30,533</u>
	<u>3,067,104</u>
Subject to the School's spending policy and appropriation: Investments in perpetuity (including amounts above the original gift amount of \$1,464,106), which, once appropriated, is expendable to support:	
General endowment	<u>1,708,192</u>
	<u>\$ 4,775,296</u>

During the year ended net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, expiration of time or by occurrence of other events specified by donors, as follows:

Capital campaign - Mirman Next	\$ 11,716,043
Endowment earnings appropriated for expenditure	106,136
Mirman X	<u>2,694</u>
	<u>\$ 11,824,873</u>

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2024

11. ENDOWMENT

The School's endowment consists of several individual funds established for a variety of purposes, including scholarship, faculty, and facility maintenance. The endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The School is subject to the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board appropriates such amounts for expenditure. These net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The School's Investment Policy, approved by the Board, provides for prudent management, spending, and annual reporting of endowment fund performance. Appropriations from the endowment are made in accordance with a Board-approved spending policy. The purpose of a spending policy is to provide annual distributions to support school operations while still preserving the spending power of the endowment for future generations. All appropriations are subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Board.

In accordance with UPMIFA, the School considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the School
- (7) The investment policies of the School

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2024

11. ENDOWMENT (continued)

Return objectives and risk parameters

The School has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the School must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board, the School diversifies its investments, subject to practicality constraints, among a variety of asset classes so as to provide a balance that will enhance total real return while avoiding undue risk concentration in any single asset class or investment category.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the School relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The School targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy

The School has developed a policy to prudently balance competing goals of support for operations and purchasing power for the future. Rates are set to achieve long-term balance rather than to reflect near-term budget requirements and short-term variations in returns and inflation/deflation. At present, the board of trustees deems that a spending rate equal to 4% of the three-year average of endowment balances through the most recent fiscal year-end is appropriate to achieve that objective.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the permanent value of the endowed funds. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets without donor restrictions. There were no such deficiencies as of June 30, 2024.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2024

11. ENDOWMENT (continued)

Endowment composition

Endowment net asset composition by type of fund as of June 30, 2024 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 5,299,105	\$ -	\$ 5,299,105
Donor restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,464,106	1,464,106
Unexpended endowment earnings	<u>-</u>	<u>244,086</u>	<u>244,086</u>
	<u>-</u>	<u>1,708,192</u>	<u>1,708,192</u>
	<u>\$ 5,299,105</u>	<u>\$ 1,708,192</u>	<u>\$ 7,007,297</u>

Changes in endowment net assets for the fiscal year ended June 30, 2024 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, June 30, 2023	\$ 3,356,454	\$ 1,533,697	\$ 4,890,151
Investment income, net	623,585	279,913	903,498
Contributions	-	718	718
Board designations	1,460,000	-	1,460,000
Appropriation of endowment assets for expenditure	<u>(140,934)</u>	<u>(106,136)</u>	<u>(247,070)</u>
	<u>1,942,651</u>	<u>174,495</u>	<u>2,117,146</u>
Balance, June 30, 2024	<u>\$ 5,299,105</u>	<u>\$ 1,708,192</u>	<u>\$ 7,007,297</u>

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2024

12. FUNCTIONAL ALLOCATION OF EXPENSES

The table below presents expenses by both their natural and functional classifications:

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 7,390,769	\$ 2,141,982	\$ 438,526	\$ 9,971,277
Benefits and payroll taxes	1,707,094	386,991	91,112	2,185,197
Facilities and plant	1,897,158	301,022	34,342	2,232,522
Depreciation	1,119,127	169,522	6,520	1,295,169
Office and administration	75,618	1,296,067	1,129	1,372,814
Student activities and auxiliary	2,358,418	-	-	2,358,418
Other	<u>267,301</u>	<u>277,770</u>	<u>145,971</u>	<u>691,042</u>
	<u>\$ 14,815,485</u>	<u>\$ 4,573,354</u>	<u>\$ 717,600</u>	<u>\$ 20,106,439</u>

13. CONCENTRATIONS AND CREDIT RISKS

The School extends credit to parents requesting installment payments throughout the school year. The ability of the parents to honor the installment payment contracts is dependent upon their individual earnings and cash flows. Historically, losses on these contracts have not been significant.

The School's tuition revenues are derived primarily from families that live in the Los Angeles Area. As such, the School's enrollment and operations could be negatively impacted depending on the condition of the Los Angeles Area economy.

Instructors and key administrators are employed on an annual contract basis. These contracts expire at the end of the fiscal year. Generally, the School has been able to retain the services of desired instructors and administrators, and has not experienced any decline in its programs due to this concentration.

At June 30, 2024, approximately 71% of the School's gross outstanding contributions receivable (Capital Campaign - Mirman Next) was due from one donor. During the year ended June 30, 2024, approximately 12% of the School's contributions revenue was received from one donor.

14. RELATED PARTY TRANSACTION

For the year ended June 30, 2024, the School received approximately \$88,000 in contributions from members of the Board and approximately \$18,000 in contributions from employees.

As disclosed in Note 8, the School's land lease agreement is with a member of the Board who is related to the founder of the School.

The Mirman School For Gifted Children

Financial Statements

June 30, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Mirman School For Gifted Children
Los Angeles, California

Opinion

We have audited the accompanying financial statements of The Mirman School For Gifted Children (the "School"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities 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 Mirman School For Gifted Children as of June 30, 2023, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Mirman School For Gifted Children 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 Mirman School For Gifted Children's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, including omissions, 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 generally accepted 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 Mirman School For Gifted Children'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 Mirman School For Gifted Children'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.



Armanino^{LLP}
San Ramon, California

December 15, 2023

The Mirman School For Gifted Children
Statement of Financial Position
June 30, 2023

ASSETS

Cash and cash equivalents	\$ 11,005,132
Operating investments	5,101,975
Tuition and fees receivable, net	19,882
Contractual tuition and fees receivable	5,105,944
Contributions receivable, net	4,570,189
Prepaid expenses and other assets	807,032
Operating lease right-of-use assets	509,159
Property and equipment, net	34,220,739
Endowment investments	<u>4,890,151</u>
 Total assets	 <u><u>\$ 66,230,203</u></u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	\$ 385,404
Construction related payables	2,555,114
Accrued payroll, taxes and benefits	1,273,074
Retirement plan liability	114,020
Deferred tuition and fees	10,318,060
Contractual unearned tuition and fees	5,105,944
Operating lease liabilities	694,385
Loan payable, net	<u>5,817,321</u>
Total liabilities	<u><u>26,263,322</u></u>
Net assets	
Without donor restrictions	
Undesignated	19,373,486
Board designated for Endowment	3,356,454
Board designated for reserves	<u>1,131,136</u>
Total without donor restrictions	23,861,076
With donor restrictions	<u>16,105,805</u>
Total net assets	<u><u>39,966,881</u></u>
 Total liabilities and net assets	 <u><u>\$ 66,230,203</u></u>

The accompanying notes are an integral part of these financial statements.

The Mirman School For Gifted Children
Statement of Activities
For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support			
Tuition and fees, net	\$ 13,680,305	\$ -	\$ 13,680,305
Student auxiliary revenues	764,404	-	764,404
Contributions	1,455,589	2,951,042	4,406,631
Investment income, net	730,089	131,065	861,154
Fundraising events, net of expenses of \$453,557	125,065	-	125,065
Other income	82,861	22,488	105,349
Net assets released from donor restrictions	<u>66,685</u>	<u>(66,685)</u>	<u>-</u>
Total revenues, gains, and other support	<u>16,904,998</u>	<u>3,037,910</u>	<u>19,942,908</u>
Functional expenses			
Program	<u>11,988,292</u>	<u>-</u>	<u>11,988,292</u>
Supporting services			
Management and general	3,919,829	-	3,919,829
Fundraising	<u>749,288</u>	<u>-</u>	<u>749,288</u>
Total supporting services	<u>4,669,117</u>	<u>-</u>	<u>4,669,117</u>
Total functional expenses	<u>16,657,409</u>	<u>-</u>	<u>16,657,409</u>
Change in net assets	247,589	3,037,910	3,285,499
Net assets, beginning of year	<u>23,613,487</u>	<u>13,067,895</u>	<u>36,681,382</u>
Net assets, end of year	<u>\$ 23,861,076</u>	<u>\$ 16,105,805</u>	<u>\$ 39,966,881</u>

The accompanying notes are an integral part of these financial statements.

The Mirman School For Gifted Children
Statement of Cash Flows
For the Year Ended June 30, 2023

Cash flows from operating activities	
Change in net assets	\$ 3,285,499
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	787,918
Change in allowance for doubtful contributions	(20,000)
Net realized and unrealized gains from investments	(748,687)
Contribution revenue restricted for long term purposes	(2,947,870)
Contribution revenue restricted for endowment	(3,172)
Reduction in carrying amount of operating lease right-of-use assets	109,785
Changes in operating assets and liabilities	
Tuition and fees receivable, net	26,660
Contractual tuition and fees receivable	(1,296,375)
Prepaid expenses and other assets	(263,148)
Accounts payable and accrued expenses	204,320
Accrued payroll, taxes and benefits	231,473
Retirement plan liability	36,578
Deferred tuition and fees	598,003
Contractual unearned tuition and fees	1,316,375
Operating lease liabilities	(171,896)
Net cash provided by operating activities	<u>1,145,463</u>
Cash flows from investing activities	
Purchases of investments	(10,608,484)
Proceeds from the sale of investments	10,967,252
Purchases of property and equipment	(12,541,835)
Net cash used in investing activities	<u>(12,183,067)</u>
Cash flows from financing activities	
Proceeds from draw on loan payable	3,550,000
Cash received for long term purposes	2,124,091
Cash received for endowment	3,172
Net cash provided by financing activities	<u>5,677,263</u>
Net decrease in cash and cash equivalents	(5,360,341)
Cash and cash equivalents, beginning of year	<u>16,365,473</u>
Cash and cash equivalents, end of year	<u>\$ 11,005,132</u>
Supplemental disclosure of cash flow information	
Cash paid during the year for interest	\$ 76,389
Supplemental schedule of noncash investing and financing activities	
Property and equipment included in construction related payables	\$ 2,555,114

The accompanying notes are an integral part of these financial statements.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2023

1. NATURE OF OPERATIONS

The Mirman School for Gifted Children (the "School") is located in Los Angeles, California. The School is an independent co-educational school designed to meet the needs of highly-gifted children ages 5 to 14.

Nestled in a six-acre campus atop Mulholland Drive in Los Angeles, the School is proud to be celebrating 60 years of educating highly gifted children. The School's teachers, parents, and administrators fuel the learning synergy of approximately 375 students from broadly diverse cultural and socio-economic backgrounds. Collectively, they create an educational haven for the academic nurturing, intellectual stimulation, emotional care, artistic fostering, physical health, social and ethical development, humanistic interests, and personal growth of an underserved (and often overlooked) population of children.

Mission Statement: We cultivate the boundless potential of highly gifted children, nurture their passions and talents, and develop a diverse community of creative and constructive lifelong learners.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements of the School have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

Net assets and changes therein are classified as follow:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor-imposed restrictions. The School's governing board may designate net assets without restrictions for specific purposes.

Net assets with donor restrictions - Net assets subject to donor-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 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.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as transfers between the applicable classes of net assets. Contributions with donor-imposed restrictions whose restriction are satisfied in the same reporting period as received are reported as net assets without donor restrictions.

Board-Designated Reserves

The School allocates certain net assets to board-designated categories to facilitate the spending policies established by the Board of Trustees ("Board"). Board-designated – endowment represents amounts to be used for general purposes at the discretion of the Board. Board-designated – reserve fund represents amounts to be used for future major repairs and maintenance and to be used for capital construction. Investment in property and equipment represents the net balance of land, facilities and equipment and bond issuance costs, net of loan payable.

Revenue recognition and deferred tuition and fees

The School recognizes revenue from student tuition and fees during the year in which the related services are provided to students. The performance obligation of delivering educational services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the academic year. Payment for tuition may be required before the start of the academic year. All amounts received prior to the commencement of the academic year, including enrollment deposits, are deferred and fully recognized as revenue within the next fiscal year. Financial aid provided to students is recorded as a reduction from the posted tuition at the time revenue is recognized. Summer School fees are deferred and recognized as earned at the end of the summer school term. Financial aid was \$1,753,247 for the year ended June 30, 2023.

Contractual tuition and fees receivable include tuition and fee amounts due under fully executed and non-cancelable student enrollment agreements, net of applicable discounts and financial aid, for the upcoming 2023-2024 school year. Contractual unearned tuition and fees include unearned tuition and fee amounts that will be collected within the next twelve months and will be satisfied through the performance obligations of delivering educational services to students during the upcoming 2023-2024 school year.

Students who withdraw completely before June 15 may receive a refund less the advance tuition deposit in accordance with the School's enrollment contract. After June 15, the fall tuition and all fees are nonrefundable.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Student auxiliary revenues

Student auxiliary revenues primarily consists of fees for daily bus service, summer camps, student trips, and after-school programs.

Contributions and promises to give

Contributions received are reported as net assets with or without donor restrictions, depending upon donor restrictions, if any.

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the donor-imposed barriers have been met by the School and there is no longer a right of return or release. During the year ended June 30, 2023, the School did not receive any conditional contributions. Contributions that are promised in one year but are not expected to be collected until after the end of that year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and current aging of contributions receivable.

Contributed goods and services

Contributed materials and equipment are reflected as contributions in the accompanying statements at their estimated fair values at date of receipt. Contributed services are reflected in the financial statements at the fair value of the services received. Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. No material contributed goods or services meeting the criteria described above were received during the year ended June 30, 2023.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, amounts deposited in interest bearing bank and money market accounts and highly liquid short-term investments with original maturity dates of three months or less. The School considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, unless the cash or cash equivalents are held for reinvestment as part of the School's investment portfolio or otherwise restricted or designated. Periodically, cash on deposit may be in excess of federally insured limits. The School believes that it mitigates this risk by maintaining deposits with high credit quality institutions.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are recorded at fair value. Investments received by donation are recorded at fair value at the date of donation. Net realized and unrealized gains or losses are classified as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor restriction or by law.

The School has investments in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the School's account balances and the amounts reported in the statement of financial position.

Property and equipment

Property and equipment purchased by the School are stated at cost, while donated property and equipment are stated at fair value at the date of donation. It is the School's policy to capitalize expenditures of these items in excess of \$2,000. Minor repairs and maintenance are charged to expense as incurred. Major repairs and maintenance that extend the useful life of the respective asset are capitalized. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets, generally as follows:

Buildings and improvements	20 to 40 years
Furniture, fixtures and equipment	5 - 7 years
Computers and software	3 years

Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The School determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value (Level 1, Level 2 and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the School has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

Unobservable inputs reflect the School's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the School's own data.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

The following methods and assumptions were used to estimate the fair value of assets and liabilities:

- Investments (Level 1) - Investment securities traded on security exchanges are valued at closing market prices on the date closest to June 30.
- Investments (Level 2) - Investment securities where values are based on quoted market prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments..

Leases

The School leases a portion of its land from a trust owned by the son and daughter of the founder of the School and computer equipment from unrelated third parties under noncancelable 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, if any, are included in property and equipment and finance lease liabilities on the statement of financial position. There were no finance leases at June 30, 2023.

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. As most of leases do not provide an implicit rate, the School uses its incremental borrowing 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 School will exercise that option. Lease expense for 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 an expense when incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

Loan issuance costs

The School has capitalized the related costs incurred in connection with its debt offerings which consisted primarily of underwriter's discounts, letter of credit fees and costs, trustee and tender agent fees, attorney's fees, printing costs, and other miscellaneous costs of delivery. These costs are being amortized into interest expense using the straight-line method over the term of the loan payable. The unamortized loan issuance costs are being presented net of the related loan payable in the accompanying statement of financial position.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

The School is a nonprofit corporation defined in Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from federal income taxation under Section 501(a) of the Code. The School is also exempt from state income taxation under 23701(d) of the California Revenue and Taxation Code.

The School's management has evaluated its current tax positions and has concluded that as of June 30, 2023, the School does not have any significant uncertain tax positions for which a reserve would be necessary.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Uses of estimates include, but are not limited to, the allowance for doubtful accounts and contributions receivable, depreciation and functional expense allocation. Actual results could differ from those estimates.

Functional expense allocation

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Expenses, such as payroll and benefits, have been allocated among program services and supporting services based upon the employees' estimated time spent by function. Facility related costs such as depreciation, interest and maintenance have been allocated based on estimated square footage used by various departments.

Subsequent events

The School has evaluated subsequent events through December 15, 2023, the date that these financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the presentation of the School's financial statements.

3. LIQUIDITY AND AVAILABILITY

The School monitors liquidity required and cash flows to meet its operating needs on an annual basis. It structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The School has various sources of liquidity at its disposal, including cash and accounts receivable. In addition, the School has additional investments, which can be made available if needed. The School invests cash in excess of its monthly requirements in short-term investments.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2023

3. LIQUIDITY AND AVAILABILITY (continued)

Long term investments include endowment funds consisting of donor-restricted endowment funds and funds designated by the School's Board. As described in Note 12, the School may appropriate up to 4% of a trailing three-year average of the endowment fund's total asset value as of June 30th.

The board-designated funds could be made available in its entirety if needed.

The following is a quantitative disclosure which describes financial assets that are available within one year of June 30, 2023 to fund general expenditures and other obligations as they become due:

Cash and cash equivalents	\$ 11,005,132
Operating investments	5,101,975
Tuition and fees receivable, net	19,882
Contractual tuition and fees receivable	5,105,944
Contributions receivable, net	4,570,189
Endowment investments	<u>4,890,151</u>
	<u>30,693,273</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(16,065,805)
Board-designated funds	<u>(4,487,590)</u>
	<u>(20,553,395)</u>
	<u>\$ 10,139,878</u>

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consisted of the following:

Operating investments	\$ 5,101,975
Endowment investments	<u>4,890,151</u>
	<u>\$ 9,992,126</u>

Investments consisted of the following at June 30::

	Level 1	Level 2	Level 3	Total
Exchange traded funds	\$ 5,073,126	\$ 2,496,478	\$ -	\$ 7,569,604
Domestic mutual funds	1,422,838	-	-	1,422,838
International mutual funds	<u>999,684</u>	<u>-</u>	<u>-</u>	<u>999,684</u>
	<u>\$ 7,495,648</u>	<u>\$ 2,496,478</u>	<u>\$ -</u>	<u>\$ 9,992,126</u>

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2023

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

Investment income for the year ended June 30, 2023, was comprised of the following:

Interest and dividends	\$ 173,989
Realized gains	604,098
Unrealized gains	144,589
Investment management fees	<u>(61,522)</u>
	<u>\$ 861,154</u>

5. CONTRIBUTION RECEIVABLE

In 2019, the School began a multi-phase capital campaign (MirmanNext Capital Campaign) to provide additional contemporary learning spaces including art and science spaces that will serve the School's learners. The Learning Center project includes improvements to portions of existing facilities and the construction of a new academic building on the School's existing six-acre footprint on Mulholland Drive. Contributions receivable are recorded using a discount rate that approximates 3%.

At June 30, 2023, contributions receivable, net consisted of the following:

Due in less than one year	\$ 2,057,356
Due in one to five years	<u>2,724,218</u>
	4,781,574
Less: discounts to present value	(171,385)
Less: allowance for doubtful contributions	<u>(40,000)</u>
	<u>\$ 4,570,189</u>

6. PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following:

Land	\$ 3,465,852
Buildings and improvements	20,244,344
Furniture, fixtures and equipment	2,698,298
Computers and software	1,532,474
Construction in progress	<u>19,560,442</u>
	47,501,410
Accumulated depreciation	<u>(13,280,671)</u>
	<u>\$ 34,220,739</u>

Depreciation expense amounted to \$787,918 for the year ended June 30, 2023.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2023

7. LOAN PAYABLE

On March 2, 2022, the School entered into a loan agreement with First Republic Bank. Under the terms of the agreement, the School can borrow up to \$10,000,000. The School may draw on the loan until August 31, 2025, The loan bears interest at the fixed rate of 2.75%. During the year ended June 30, 2023, the School drew \$3,550,000 on this facility. The loan agreement requires interest only payments from April 1, 2022 through September 1, 2025 and principal payments from October 1, 2025 through April 1, 2052. Principal payment terms to be determined after the draw period, which ends on August 31, 2025. The loan is collateralized by a security agreement covering the School's operating revenues, assets and accounts as defined.

Under the terms of the loan payable, the School has agreed to maintain specific financial covenants for which the School was in compliance at June 30, 2023.

Interest expense for the year ended June 30, 2023 was \$76,389. Interest expense incurred is capitalized to construction in progress as of June 30, 2023.

Loan payable, net consisted of the following:

Loan payable	\$ 5,950,000
Less unamortized loan issuance costs	<u>(132,679)</u>
	<u>\$ 5,817,321</u>

8. LEASES

Land lease

The School leases certain land on which the School is located under a noncancelable operating lease agreement which expires on July 31, 2026. Under the terms of the lease, the School pays a base rent subject to adjustment based on increases in the Consumer Price Index, as defined, but not less than 3% nor more than 5% annually. In addition, the School pays all property taxes and insurance related to the property. The School has the option to renew the lease for two consecutive 15-year periods and the right of first refusal to purchase the property should the lessor decide to sell the premises. In addition, the lease includes provisions which give credit to the School for the value of improvements made, whether the property is purchased by the School or to a third party. Further, when the School purchased land for the upper school in 1994, the County of Los Angeles required the individual properties to be treated as one parcel with a provision that no portion shall be sold separately.

The land lease agreement is with a trust owned by the son and daughter of the founder of the School. The son served as a trustee of the School during the year ended June 30, 2023.

Rent expense for the land lease for the year ended June 30, 2023 totaled to \$144,937.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2023

8. LEASES (continued)

Future minimum operating lease payments, with annual increases of 3% on the land lease, are as follows:

<u>Year ending June 30,</u>			
2024	\$	204,062	
2025		210,184	
2026		208,372	
2027		9,967	
		632,585	
Less: discounts to present value		(37,410)	
		\$ 595,175	

Computer leases

The School is committed under various noncancelable operating leases for computer equipment. Leases have been recognized as right-of-use assets on the accompanying statement of financial position. The leases carry separate terms and expire at various date through August 2025.

Lease expense for computer equipment for the year ended June 30, 2023 totaled to \$98,785.

Payments on the computer leases are due as follows:

<u>Year ending June 30,</u>			
2024	\$	73,951	
2025		25,986	
2026		2,968	
		102,905	
Less: discounts to present value		(3,695)	
		\$ 99,210	

Short-term leases

During the year ended June 30, 2023, the School leased mobile classrooms on a month-to-month basis for \$9,740 a month. The lease ended in June 2023.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2023

8. LEASES (continued)

As noted above, the School has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the School is reasonably certain to exercise. The School recognizes the lease payments in profit or loss on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred.

Right-of-use assets consisted of the following:

Land operating lease	\$ 417,736
Computer equipment operating lease	<u>91,423</u>
	<u>\$ 509,159</u>

Operating lease liabilities are detailed as follows:

Lease liability, land	\$ 595,175
Lease liability, computer equipment	<u>99,210</u>
	<u>\$ 694,385</u>

The weighted-average lease terms and discount rates are as follows:

Weighted-average discount rate	4.12%
Weighted-average remaining lease term	2.86 years

9. COMMITMENT

Contractor

In April 2022, the School signed a contract with a construction company, totaling approximately \$14,500,000 to complete its Learning Center project (see Note 5). The current contract has a remaining balance of approximately \$4,900,000 as of June 30, 2023 and will be completed by Fall 2023.

10. RETIREMENT PLAN

The School sponsors a 403(b) defined contribution retirement plan for eligible employees. Eligibility begins immediately upon commencement of employment. Participants can make voluntary tax-deferred contributions to the plan up to statutory limits. Under the plan, the School matches 5% of eligible compensation for qualified employees. For the year ended June 30, 2023, the School's contributions to the plan were approximately \$349,000.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2023

10. RETIREMENT PLAN (continued)

The School maintains a 457(b) nonqualified tax-deferred compensation plan for its Head of School. The assets under the 457(b) plan are held in custody by an independent manager. The School also contributes to an individual deferred compensation insurance policy owned by the Head of School with The Penn Insurance and Annuity Company (“Penn”). The School sends the deferred compensation authorized by the Board of Trustees to Penn each pay period for the benefit of the Head of School. For the year ended June 30, 2023, contributions to Penn of \$44,050 were made.

11. NET ASSETS WITH DONOR RESTRICTIONS

The School has net assets with donor restrictions consisting of the following:

Restricted Purposes:

Capital campaign - Mirman Next	\$ 14,422,185
Mirman X	119,390
Other program expenses	<u>30,533</u>
	<u>14,572,108</u>

Subject to the School's spending policy and appropriation: Investments in perpetuity (including amounts above the original gift amount of \$1,463,388), which, once appropriated, is expendable to support:

General endowment	<u>1,533,697</u>
	<u>\$ 16,105,805</u>

During the year ended net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, expiration of time or by occurrence of other events specified by donors, as follows:

Endowment earnings appropriated for expenditure	\$ 65,671
Mirman X	<u>1,014</u>
	<u>\$ 66,685</u>

12. ENDOWMENT

The School’s endowment consists of several individual funds established for a variety of purposes, including scholarship, faculty, and facility maintenance. The endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2023

12. ENDOWMENT (continued)

Interpretation of relevant law

The School is subject to the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors (the "Board") appropriates such amounts for expenditure. These net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The School's Investment Policy, approved by the Board, provides for prudent management, spending, and annual reporting of endowment fund performance. Appropriations from the endowment are made in accordance with a Board-approved spending policy. The purpose of a spending policy is to provide annual distributions to support school operations while still preserving the spending power of the endowment for future generations. All appropriations are subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Board.

In accordance with UPMIFA, the School considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the School
- (7) The investment policies of the School

Return objectives and risk parameters

The School has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the School must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board, the School diversifies its investments, subject to practicality constraints, among a variety of asset classes so as to provide a balance that will enhance total real return while avoiding undue risk concentration in any single asset class or investment category.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2023

12. ENDOWMENT (continued)

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the School relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The School targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy

The School has developed a policy to prudently balance competing goals of support for operations and purchasing power for the future. Rates are set to achieve long-term balance rather than to reflect near-term budget requirements and short-term variations in returns and inflation/deflation. At present, the board of trustees deems that a spending rate equal to 4% of the three-year average of endowment balances through the most recent fiscal year-end is appropriate to achieve that objective.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the permanent value of the endowed funds. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets without donor restrictions. There were no such deficiencies as of June 30, 2023.

Endowment composition

Endowment net asset composition by type of fund as of June 30, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 3,356,454	\$ -	\$ 3,356,454
Donor restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,463,388	1,463,388
Unexpended endowment earnings	-	70,309	70,309
	<u>-</u>	<u>1,533,697</u>	<u>1,533,697</u>
	<u>\$ 3,356,454</u>	<u>\$ 1,533,697</u>	<u>\$ 4,890,151</u>

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2023

12. ENDOWMENT (continued)

Endowment composition (continued)

Changes in endowment net assets for the fiscal year ended June 30, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, beginning of year	\$ 3,208,731	\$ 1,465,131	\$ 4,673,862
Investment income, net	288,718	131,065	419,783
Contributions	-	3,172	3,172
Appropriation of endowment assets for expenditure	<u>(140,995)</u>	<u>(65,671)</u>	<u>(206,666)</u>
	<u>147,723</u>	<u>68,566</u>	<u>216,289</u>
Balance, end of year	<u>\$ 3,356,454</u>	<u>\$ 1,533,697</u>	<u>\$ 4,890,151</u>

13. FUNCTIONAL ALLOCATION OF EXPENSES

The table below presents expenses by both their natural and functional classifications:

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 6,170,974	\$ 2,146,931	\$ 406,459	\$ 8,724,364
Benefits and payroll taxes	1,362,060	407,650	82,922	1,852,632
Facilities and plant	1,612,641	260,190	30,065	1,902,896
Depreciation	681,549	102,429	3,940	787,918
Office and administration	79,802	800,899	214	880,915
Student activities and auxiliary	1,823,372	-	-	1,823,372
Other	<u>257,894</u>	<u>201,730</u>	<u>225,688</u>	<u>685,312</u>
	<u>\$ 11,988,292</u>	<u>\$ 3,919,829</u>	<u>\$ 749,288</u>	<u>\$ 16,657,409</u>

14. CONCENTRATIONS AND CREDIT RISKS

The School extends credit to parents requesting installment payments throughout the school year. The ability of the parents to honor the installment payment contracts is dependent upon their individual earnings and cash flows. Historically, losses on these contracts have not been significant.

The Mirman School For Gifted Children
Notes to Financial Statements
June 30, 2023

14. CONCENTRATIONS AND CREDIT RISKS (continued)

The School's tuition revenues are derived primarily from families that live in the Los Angeles Area. As such, the School's enrollment and operations could be negatively impacted depending on the condition of the Los Angeles Area economy.

Instructors and key administrators are employed on an annual contract basis. These contracts expire at the end of the fiscal year. Generally, the School has been able to retain the services of desired instructors and administrators, and has not experienced any decline in its programs due to this concentration.

At June 30, 2023, approximately 63% of the School's gross outstanding contributions receivable (MirmanNext Capital Campaign) were due from two donors. During the year ended June 30, 2023, approximately 57% of the School's contributions revenue was received from one donor.

15. RELATED PARTY TRANSACTION

In May 2018, the Head of School entered into a promissory note of \$75,000 with the School. The interest rate of the note was 2.86% and the principal and all unpaid interest are due by June 2024. As of June 30, 2023, the remaining balance on the promissory note was \$7,500.

For the year ended June 30, 2023, the School received approximately \$114,000 in contributions from members of the Board of Trustees.

As disclosed in Note 8, the School's land lease agreement is with a member of the Board of Trustees who is related to the founder of the School.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE & LOAN AGREEMENT

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE & LOAN AGREEMENT

As used in the following summaries of the principal documents, the capitalized terms will have the following meanings:

Definitions

“Act” means the Joint Exercise of Powers Act, constituting Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title I of the Government Code of the State as now in effect and as it may from time-to-time be amended or supplemented.

“Act of Bankruptcy” means the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against the Borrower under any applicable bankruptcy, insolvency or similar law as now or to become in effect.

“Additional Payments” means the payments to be made by the Borrower to the Trustee or the Issuer in accordance with the Agreement.

“Agreement” means that certain Loan Agreement pertaining to the Bonds, between the Issuer and the Borrower, as originally executed or as it may from time to time be supplemented, modified or amended subject to and in accordance with the terms thereof and the Indenture.

“Authorized Denominations” means \$5,000 and integral multiples thereof.

“Authorized Borrower Representative” means the Head of School or the Chief Financial Officer of the Borrower, or any other person or persons designated at the time to act on behalf of the Borrower by written instrument furnished to the Issuer and the Trustee, containing the specimen signature of such person or persons and signed by any officer of the Borrower. Such instrument may designate an alternate or alternates.

“Authorized Official” means the Chair or the Vice Chair of the Board of Directors of the Issuer or any other person as may be designated and authorized to sign on behalf of the Issuer pursuant to a resolution adopted by the Board of Directors of the Issuer.

“Base Loan Payments” means the payments required to be made by the Borrower to the Trustee for the account of the Issuer, in accordance with the Agreement, for the payment of the debt service on the Bonds.

“Beneficial Owner” means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

“Bond Fund” means the fund by that name established pursuant to the Indenture.

“Bond Obligations” means and includes all of the Borrower’s obligations under or with respect to the Bonds or any of the Borrower Documents.

“Bondholder” or “Holder” means, with respect to any Bond, the person in whose name such Bond is registered.

“Bonds” means \$32,035,000* aggregate principal amount of the Issuer’s Revenue Bonds (The Mirman School for Gifted Children Project), Series 2026, issued pursuant to the Indenture.

“Bond Register” means the registration books required to be maintained pursuant to the Indenture.

“Borrower” means The Mirman School for Gifted Children, a California nonprofit public benefit corporation, organized and existing under the laws of the State, and its successors or assigns permitted pursuant to the Agreement.

“Borrower Documents” means the Agreement, the Continuing Disclosure Agreement, and the Tax Regulatory Agreement, and on and after the date of execution and delivery thereof if required pursuant to the Agreement, the Deed of Trust.

“Business Day” means any day other than (i) Saturday or Sunday, (ii) a day on which the banking institutions or trust companies are required or authorized by law, regulation or executive order to be closed in (a) Los Angeles, California, (b) New York, New York or (c) the city in which the Trustee has its principal office are closed; or (d) a day on which the New York Stock Exchange is closed.

“Certificate,” “Order” or “Written Request” mean respectively, (a) when used with respect to a document of the Issuer, a written certificate, order or request of the Issuer signed by or on behalf of the Issuer by its Chair, Vice Chair, the Chair’s designee or by any other person who is specifically authorized by the Issuer to execute such a document on its behalf, and (b) when used with respect to a document of the Borrower, a written certificate, order or request of the Borrower signed by or on behalf of the Borrower by an Authorized Borrower Representative.

“Code” means the Internal Revenue Code of 1986 as amended from time to time, any successor code or law, and any regulations in effect or promulgated thereunder.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement pursuant to which the Borrower undertakes to provide continuing disclosure in satisfaction of the requirements of Securities and Exchange Commission Rule 15c2-12(b)(5), as amended, restated, supplemented, and otherwise modified from time to time in accordance therewith.

“Corporate Trust Office” means, with respect to the Trustee, the office of the Trustee at which at any particular time its corporate trust business will be principally administered, which at the date of execution of the Indenture is that specified in the Indenture; provided, however, that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term will mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business will be conducted.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Borrower and related to the original authorization, execution, sale and delivery of the Bonds, including but not limited to: costs of preparation and reproduction of documents; fees and expenses of the Issuer and its counsel; initial fees, expenses and charges of the Trustee (including its counsel); legal fees and charges of bond counsel and the respective counsel to the Borrower and the Underwriter; and any other cost, charge or fee in connection with the original delivery of the Bonds.

“Costs of Issuance Fund” means the fund by that name established pursuant to the Indenture.

* Preliminary, subject to change

“Date of Issuance” means the date of issuance of the Bonds.

“Debt Service Reserve Fund” means the fund by that name established pursuant to the Indenture.

“Deed of Trust” means the Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing encumbering the Property and securing the Borrower’s obligations under the Agreement, if required pursuant to the terms of the Agreement.

“Determination of Taxability” means interest on the Bonds, or any of them, is determined not to be excludable from taxable gross income of the Holder thereof by a final administrative determination of the Internal Revenue Service or a final judicial decision of a court of competent jurisdiction in a proceeding of which the Borrower received a notice. A determination or decision will not be considered final for this purpose until the conclusion of any appellate review, if sought.

“Electronic Means” means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services under the Indenture.

“Eligible Securities” means any of the following obligations as and to the extent that such obligations are at the time legal investments under the Act for moneys held under the Indenture and then proposed to be invested therein, as will be certified by the Borrower to the Trustee:

(a) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America;

(b) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies, provided that such obligations are backed by the full faith and credit of the United States of America (stripped securities will constitute Eligible Securities only if they have been stripped by the agency itself): U.S. Export-Import Bank, Farmers Home Administration, Federal Financing Bank, General Services Administration, U.S. Maritime Administration, U.S. Department of Housing and Urban Development, Government National Mortgage Association, and Federal Housing Administration;

(c) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities will constitute Eligible Securities only if they have been stripped by the agency itself): Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (“FHLMC”), Fannie Mae (“FNMA”), Student Loan Marketing Association, Resolution Funding Corporation or Farm Credit System;

(d) bonds or notes issued by any state or municipality which are rated by any Rating Agency in one of the two highest rating categories assigned by such agency without regard to modifier;

(e) repurchase agreements with an entity that is rated or whose guarantor is rated in the “A” category or better by any Rating Agency at the time of the investment, provided that (i) the Trustee or third party acting solely as agent for the Trustee has possession of the collateral; (ii) the collateral is valued at least weekly and the market value of the collateral is maintained at an amount

equal to at least 102% for securities listed in (a) above (or, if the collateral consists of obligations listed in (b) or (c) above, 103%) of the amount of cash transferred by the Trustee to the counterparty under the repurchase agreement plus interest; (iii) failure to maintain the requisite collateral levels will require the Trustee to liquidate the collateral if such deficiency is not cured; (iv) the repurchase securities are obligations listed in (a), (b) and (c) above; and (v) the repurchase securities are free and clear of any third-party lien or claim;

(f) investment agreements, including guaranteed investment contracts (“GICs”), with investment contract providers which are rated or whose guarantors are rated at least in the “A” category or better by any Rating Agency at the time of investment;

(g) money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of “AAAm-G”; “AAA-m”; or “AA-m,” including money market funds for which the Trustee, its affiliates or subsidiaries retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise;

(h) certificates of deposit secured at all times by collateral described in clause (a) or (b) above, issued by commercial banks, savings and loan associations or mutual savings banks relating to collateral held by a third party, and in which collateral the Trustee has a perfected first security interest;

(i) certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF, or of banks, including the Trustee and its affiliates, the short-term obligations of which are rated by any Rating Agency in one of the two highest rating categories assigned by such agency;

(j) commercial paper rated, at the time of purchase, either “A-1” or better by S&P or “P-1” or better by Moody’s;

(k) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “A-1” or “A” or better by S&P or “P-1” or “A2” or better by Moody’s; and

(l) obligations of a bank or other financial institution rated “A-1” or “A” or better by S&P or “P-1” or “A2” or better by Moody’s.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Event of Default” means any of the events specified as such in the Indenture.

“Facilities” means collectively (a) all buildings, structures and other improvements situated, placed or constructed on the Land; and (b) all materials, apparatus and other items of personal property owned by the Borrower and attached to or installed in the buildings, structures and other improvements situated on the Land or used in connection with the buildings, structures and other improvements situated on the Land, including (without limitation) water, gas, electrical, storm and sanitary sewer facilities and all other utilities whether or not situated in easements.

“Financed Facilities” means those capital facilities of the Borrower financed or refinanced with the proceeds of the Bonds, as described in more detail on Exhibit A to the Agreement.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30 or any other 12-month period hereafter selected and designated by the Borrower as the official fiscal year period of the Borrower.

“GAAP” will refer to generally accepted accounting principles in the United States as in effect from time to time.

“Indebtedness” of any Person at any date of determination means the total amount of obligations of the Borrower to pay others, excluding trade payables incurred in the ordinary course of business but including, without limitation, (a) the Bond Obligations, (b) amounts owing pursuant to any derivative or similar contract, (c) any guarantee, (d) payments under leases which are capitalized in accordance with GAAP having a term of more than one year from the date of incurrence or assumption thereof by the Borrower which, under GAAP, are shown on the balance sheet as a liability, and (e) payments under installment purchase contracts having an original term in excess of one year, notwithstanding the fact that payments in respect thereof (whether installment, serial maturity or sinking fund or otherwise) are required to be made less than one year after the date of creation thereof.

“Indenture” means the Indenture of Trust, dated as of July 1, 2026, by and between the Issuer and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture entered into pursuant to the provisions of the Indenture.

“Independent” means a Person who is not a member of the governing body of the Borrower or its Affiliates or an officer or employee of the Borrower or its Affiliates.

“Independent Consultant” means an Independent management consultant or certified public accountant and which is a recognized professional consultant in the education industry having the skill and experience necessary to render the particular report required by the provisions the Agreement in which such requirement appears, and which is acceptable to the Borrower and for which notice is given on EMMA pursuant to the Loan Agreement.

“Information Services” means the Electronic Municipal Market Access System (“EMMA”), a service of the Municipal Securities Rulemaking Board, or such other service providing information with respect to called bonds as the Borrower may designate in writing to the Trustee.

“Insurance and Condemnation Proceeds Fund” means the fund by that name established pursuant to the Indenture.

“Interest Payment Date” means each June 1 and December 1, commencing on December 1, 2026.

“Issuer” means the California Enterprise Development Authority, a joint powers agency organized and existing under the laws of the State of California.

“Issuer Annual Fee” means an amount equal to the amount set forth in the schedule set forth below, in each case as determined on July 1 of each year and payable in accordance with the Agreement:

<u>Principal Amount Outstanding</u>	<u>Issuer Annual Fee</u>
≤ \$40,000,000 and > \$30,000,000	\$5,000
≤ \$30,000,000 and > \$20,000,000	\$4,000
≤ \$20,000,000 and > \$10,000,000	\$2,500
≤ \$10,000,000	\$1,000

“Land” means the real property identified in Exhibit A to the Agreement.

“Loan Default Event” means any of the events of default specified in the Agreement.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the state of New York, its successors and their assigns, and, if such corporation will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, “Moody’s” will be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, with the approval of the Borrower.

“Nominee” means the nominee of the Securities Depository, initially Cede & Co., which may be the Securities Depository, or any nominee substituted by the Securities Depository pursuant to the Indenture.

“Opinion of Bond Counsel” means an Opinion of Counsel addressed to the Trustee and the Issuer and delivered by a nationally recognized bond counsel firm experienced in matters relating to the exclusion from gross income for federal income tax purposes of interest payable on obligations of state and political subdivisions.

“Opinion of Counsel” means a written opinion of counsel (who may be counsel for the Issuer) appointed by the Issuer in the case of an Opinion of Bond Counsel and otherwise by the Borrower and acceptable to the Issuer. If and to the extent required by the provisions of the Indenture, each Opinion of Counsel will include the statements provided for in the Indenture.

“Optional Redemption Account” means the account by that name within the Bond Fund established pursuant to the Indenture.

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except (a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the Issuer will have been discharged in accordance with the Indenture; and (c) Bonds for the transfer or exchange of which, or in lieu of or in substitution for which, other Bonds will have been authenticated and delivered by the Trustee pursuant to the Indenture.

“Participant” means those broker-dealers, banks and other financial institutions from time to time for which the Securities Depository holds Bonds as a securities depository.

“Parity Debt” means indebtedness which is incurred by the Borrower in accordance with the provisions of the Agreement and secured equally and ratably with the obligations of the Borrower under the Agreement.

“Permitted Encumbrances” means (a) liens arising by reason of good faith deposits in connection with tenders, leases of real estate, bids or contracts (other than contracts for the payment of borrowed money); (b) any lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Borrower to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers’ compensation, unemployment insurance, pensions or profit sharing plans or other social security plans or programs, or to share in the privileges or benefits required for corporations participating in such

arrangements; (c) liens arising by reason of good faith deposits made by or to the Borrower in the ordinary course of business (for other than borrowed money), deposits by the Borrower to secure public or statutory obligations or deposits to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges; (d) attachment or judgment liens not constituting a default under the Indenture, or any attachment or judgment lien against the Borrower so long as such judgment is being contested in good faith and execution thereon is stayed; (e) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law affecting the Property, to: (1) terminate such right, power, franchise, grant, license, or permit, provided, that the exercise of such right would not materially impair the use of such Property in the ordinary course by the Borrower or materially and adversely affect the value thereof, or (2) purchase, condemn appropriate or recapture, or designate a purchaser of, the Property or any portion thereof; (f) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (g) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; or which are being contested in good faith for a period no longer than ninety (90) days after the due date of such lien; (h) easements, rights-of-way, servitudes, restrictions, deed restrictions, oil, gas, or other mineral reservations and other minor defects, encumbrances, and irregularities in the title to the Property which do not materially impair the use of such Property in the ordinary course by the Borrower or materially and adversely affect the value thereof; (i) rights reserved to or vested in any municipality or public authority to control or regulate the Property or to use such Property in any manner, which rights do not materially impair the use of such Property or materially and adversely affect the value thereof, to the extent that it affects title to the Property; (j) liens on property received by the Borrower through gifts, grants or bequests, such liens being due to restrictions on such gifts, grants or bequests or the income thereon, so long as the fair market value of any such property is greater than the amount of the indebtedness secured by the lien on such property; and (k) exceptions set forth in the policy of title insurance required to be delivered pursuant to Section 16(i) of the Agreement that do not adversely affect the first priority lien granted with respect to the Property by the Deed of Trust.

“Person” includes an individual, association, corporation, partnership, limited liability company, joint venture, any entity or a government or an agency or a political subdivision thereof.

“Prior Indebtedness” means the Borrower’s outstanding payment obligations under that certain Loan Agreement, dated as of March 1, 2022, by and among the Issuer, the Borrower, and JPMorgan Chase Bank, N.A., successor-in-interest by purchase of the loan, from the Federal Deposit Insurance Corporation as Receiver for First Republic Bank, San Francisco, CA.

“Project” means (a) refunding the Existing Debt, the proceeds of which were used for the financing, refinancing and/or reimbursing the Borrower for the costs of the acquisition, construction, improvement and equipping of certain educational facilities including, but not limited to, a new 13,200 square foot, two-level academic building on the Land, which included new classrooms, instructional spaces, and additional related and appurtenant improvements; (b) financing the acquisition of a parcel of real property that is part of the Borrower's educational campus and leased to the Borrower and the acquisition of a parcel of real property located adjacent to the Borrower's campus and identified as Assessor Parcel No. 4490-003-010, (c) funding a Debt Service Reserve Fund for the Bonds; (d) if determined by the Borrower to be necessary or desirable, paying capitalized interest with respect to the Bonds; and (e) paying certain expenses incurred in connection with the issuance of the Bonds.

“Project Fund” means the fund by that name established pursuant to the Indenture.

“Property” means the Land and the Facilities, commonly referred to as 16180 Mulholland Drive, Los Angeles, California 90049 and the parcel of land, that, as of the date of issuance of the Bonds, is identified as Assessor Parcel No. 4490-003-010.

“Rating Agency” means Moody’s or S&P.

“Rebate Fund” means the fund by that name established pursuant to the Indenture.

“Rebate Requirement” will have the meaning assigned to that term in the Tax Regulatory Agreement.

“Redemption Price” means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion thereof) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and the Indenture.

“Regular Record Date” means the close of business on the 15th calendar day (whether or not a Business Day) of the month immediately preceding each Interest Payment Date.

“Remittance Address” means, (i) for payment of the Issuer’s Annual Fee by check, at the address set forth in the Indenture or at such other address designated by the Issuer as such from time to time, or (ii) for payment of the Issuer’s Annual Fee by wire transfer, by the instructions set forth in the Indenture or by such other instructions designated by the Issuer from time to time.

“Representation Letter” means, collectively, the letters, executed by the Issuer and the Trustee and delivered to the Securities Depository, representing such matters as will be necessary to qualify the Bonds for the Securities Depository’s book-entry system.

“Request,” “Written Request,” “Certificate” or “Requisition,” when used with respect to a document of the Borrower, mean, respectively, a request, certificate or requisition of the Borrower executed by any Authorized Borrower Representative.

“Responsible Officer” of the Trustee means and includes the chairman of the board of directors, the president, every senior vice president, every vice president, every assistant vice president, every trust officer and every officer and assistant officer of the Trustee to whom any corporate trust matter is referred because of his or her knowledge of, and familiarity with, a particular subject and who is specifically assigned to administer the duties of the Trustee under the Indenture.

“Retained Rights” means the Issuer’s rights to Additional Payments, any indemnification and the right to receive opinions, certifications, notices, information, inspections, consents and indemnifications pursuant to the Agreement, the Tax Regulatory Agreement, the Indenture and related documents.

“Revenues” means all payments received by the Issuer or the Trustee for the account of the Issuer pursuant or with respect to the Agreement (except Additional Payments), including, without limiting the generality of the foregoing, Base Loan Payments (including both timely and delinquent payments), prepayments of Base Loan Payments, all moneys and investments in the Project Fund, the Bond Fund and the Insurance and Condemnation Fund and any accounts created thereunder, and all income derived from the investment of any moneys in any fund or account established pursuant to the Indenture, but not including amounts received for or on deposit in the Rebate Fund.

“S&P” means S&P Global Ratings, a division of McGraw Hill Financial Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, or, if such corporation will be dissolved, liquidated or will no longer perform the functions of a securities rating agency, “S&P” will be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, with the approval of the Borrower.

“Securities Depository” means The Depository Trust Company, or such other securities depository as the Issuer may designate to the Trustee in writing.

“Special Record Date” means the date established by the Trustee pursuant to the Indenture as a record date for the payment of defaulted interest on Bonds.

“Special Redemption Account” means the account by that name within the Bond Fund established pursuant to the Indenture.

“State” means the State of California.

“Supplemental Indenture” means any indenture duly authorized and entered into between the Issuer and the Trustee in accordance with the provisions of the Indenture.

“Tax Regulatory Agreement” means the Tax Regulatory Agreement by and between the Issuer and the Borrower together with the Exhibits thereto, including Exhibit A thereto executed by the Underwriter, dated the Date of Issuance of the Bonds, as the same may be amended or supplemented in accordance with its terms.

“Testing Date” means each June 30, commencing June 30, 2027.

“Trust Estate” means the property pledged, assigned, and mortgaged to the Trustee pursuant to the granting clauses of the Indenture.

“Trustee” means Wilmington Trust, National Association, a national banking association organized and existing under the laws of the United States of America, or its successor as Trustee as provided in the Indenture.

“Underwriter” means Stifel, Nicolaus & Company, Incorporated.

THE INDENTURE

The following is a brief summary of the Indenture pursuant to which the Bonds will be issued. Such summary is not to be considered a complete statement of the terms and provisions of the Indenture. Reference is made to the Indenture for a complete statement of the terms, provisions and conditions thereof.

Disbursements From and Records of Project Fund

Moneys held in the Project Fund representing proceeds of the sale of the Bonds and moneys transferred to the Project Fund pursuant to the Indenture will be disbursed by the Trustee in accordance with the provisions of the Agreement and the following paragraph to pay the costs of the Project, including to reimburse the Borrower for the payment of such costs. The Trustee is authorized pursuant to the Indenture to make each disbursement required by the provisions of the Agreement.

Notwithstanding any other provision of the Indenture, except with the written consent of the registered owners of a majority in aggregate principal amount of Bonds then Outstanding, no disbursement will be made from the Project Fund or the accounts created therein so long as any Event of Default has occurred and is continuing.

The Trustee will cause to be kept and maintained adequate records pertaining to the Project Fund and all disbursements therefrom. If requested by the Issuer or an Authorized Borrower Representative, the

Trustee will file copies of the records pertaining to the Project Fund and all disbursements from such fund with the Issuer and the Borrower. Upon receipt by the Trustee of a certificate from the Borrower stating that the Project has been completed, the Trustee will transfer the remaining funds in the Project Fund constituting Bond proceeds and investment earnings on such proceeds to the Bond Fund. Upon such transfer, the Project Fund will be closed.

Upon the occurrence and continuance of an Event of Default pursuant to the Indenture because of which the principal amount of the Bonds has been declared to be due and payable immediately pursuant to the Indenture, any moneys remaining in the Project Fund will be promptly transferred by the Trustee from the Project Fund to the Bond Fund.

Pledge of Trust Estate

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, the Trust Estate is pledged by the Issuer to the Trustee under the Indenture to secure the payment of the principal of and premium, if any, and interest on the Bonds in accordance with their terms and the provisions of the Indenture. Such pledge will be valid and binding from and after delivery of the Bonds, without any physical delivery thereof or further act.

Under the Indenture, the Issuer transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the Holders from time to time of the Bonds, all of the Revenues and the remainder of the Trust Estate and all of the right, title and interest of the Issuer in the Agreement (except Retained Rights). The Trustee will be entitled to and will collect and receive all of the Revenues and any other proceeds of the Trust Estate, and any Revenues and other proceeds of the Trust Estate collected or received by the Issuer will be deemed to be held, and to have been collected or received, by the Issuer as the agent of the Trustee and will forthwith be paid by the Issuer to the Trustee without any set-off whatsoever. The Trustee also will be entitled (subject to the provisions of the Indenture) to take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Issuer or separately, all of the rights of the Issuer assigned to the Trustee and all of the obligations of the Borrower under the Agreement.

All Revenues will be held in trust for the benefit of the Holders from time to time of the Bonds, but nevertheless be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture.

In accordance with the Indenture, the Trustee, solely as an accommodation to the Borrower, will use its reasonable efforts to provide the Borrower with prior written notice of the amount due on any Interest Payment Date.

If the Borrower fails to make any payment pursuant to the Agreement by the due date for such payment, the Trustee will promptly notify the Borrower of such failure by Electronic Means, and will also notify the Issuer of such failure by written notice (or by Electronic Means if so indicated to the Trustee).

Upon the execution and recordation of the Deed of Trust by the Borrower pursuant to the Agreement, if applicable, all of the Borrower's right, title and interest in and to the Property (as encumbered by the Deed of Trust) will, subject to the terms of the Deed of Trust, constitute additional security for the payment of the principal of and premium, if any, and interest on the Bonds. The Trustee will, as beneficiary under the Deed of Trust (if then in effect), be entitled to enforce the Deed of Trust and exercise all rights and remedies thereunder for the benefit of the Holders of the Bonds.

Bond Fund

Upon the receipt thereof, the Trustee will deposit all Revenues into the Bond Fund, which the Trustee will establish and maintain and hold in trust. The Trustee will disburse and apply amounts in the Bond Fund only as authorized in the Indenture. On each principal payment date, the Trustee will apply moneys in the Bond Fund to pay the principal of the Bonds as such principal becomes due and payable, and on each interest payment date, the Trustee will apply moneys in the Bond Fund to pay the interest of the Bonds as such interest becomes due and payable. In the event that the Borrower makes a prepayment pursuant to the Agreement and elects pursuant thereto to apply the amount so prepaid to the redemption of Bonds, such prepayment will be forthwith deposited in the Optional Redemption Account or the Special Redemption Account, as applicable, within the Bond Fund which the Trustee will establish and maintain and will be applied thereafter to the redemption of Bonds as promptly as practicable in accordance with the provisions of the Indenture. Beginning in the month immediately succeeding any month in which the Borrower receives notice of any deficiency in the Debt Service Reserve Fund, the Borrower agrees in the Agreement to transfer to the Trustee, and the Trustee is directed to deposit into the Debt Service Reserve Fund, (i) one-twelfth of the amount of such deficiency if such deficiency results from any withdrawal from the Debt Service Reserve Fund or from any other cause, in either case until the amount credited to such Debt Service Reserve Fund equals the applicable Debt Service Reserve Fund Requirement.

At least thirty days before each Interest Payment Date, the Trustee will determine the balance held in the Bond Fund on that date and will give notice to the Borrower of such amount and the amount of the Base Loan Payment due on the next Interest Payment Date. Such notice will be mailed, telecommunicated or delivered in such a manner that the Borrower will receive such notice at such time. The Trustee will use its best efforts to provide the Borrower with notice as provided in this provision of the Indenture; provided, however, failure by the Trustee to give notice pursuant to this provision, or the insufficiency of any such notice, will not affect or diminish the obligations of the Borrower under the Agreement.

Rebate Fund

The Trustee will establish and maintain a fund separate from any other fund established and maintained under the Indenture designated as the "Rebate Fund." Within the Rebate Fund, the Trustee will maintain the accounts required by the Tax Regulatory Agreement. Subject to the transfer provisions set forth in the Indenture, all moneys at any time deposited in the Rebate Fund will be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Regulatory Agreement), for payment to the federal government of the United States of America. None of the Issuer, the Borrower or the Holders of any Bonds will have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund will be governed by this provision of the Indenture and by the Tax Regulatory Agreement (which is incorporated into the Indenture by reference). The Trustee will be deemed conclusively to have complied with such provisions if it follows the written directions of the Issuer or the Borrower and will have no liability or responsibility to enforce compliance by the Borrower with the terms of the Tax Regulatory Agreement.

Upon receipt of and pursuant to a Request of the Borrower, an amount will be deposited to the Rebate Fund by the Trustee from deposits by the Borrower or from available investment earnings on amounts held in the Bond Fund if and to the extent required, so that the balance of the Rebate Fund after such deposit will equal the Rebate Requirement. Computations of the Rebate Requirement will be furnished by or on behalf of the Borrower in accordance with the Tax Regulatory Agreement.

The Trustee will have no obligation to rebate any amounts required to be rebated pursuant to this provision of the Indenture, other than from moneys held in the Rebate Fund, or from other moneys provided to it by the Borrower upon written direction of the Borrower.

The Trustee will invest all amounts held in the Rebate Fund in Eligible Securities as specified in a Written Request of the Borrower and, absent such direction and pursuant to the requirements of the Indenture, the Trustee will invest such amounts to the extent practicable in investments described in paragraph (g) of the definition of the term “Eligible Securities.”

Upon receipt of a Request of the Borrower, the Trustee will remit part or all of the balances in the Rebate Fund to the United States, as so directed. In addition, if the Borrower so directs, the Trustee will deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as directed in a Written Request of the Borrower. Any funds remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Requirement, or provision made therefor, and payment of all Additional Payments will be withdrawn and remitted to the Borrower.

Notwithstanding any other provision of the Indenture, including in particular Article X thereof, the obligation to remit the Rebate Requirement to the United States and to comply with all other requirements of the Indenture summarized under this Section of the Indenture and the Tax Regulatory Agreement will survive the defeasance or payment in full of the Bonds and discharge of the Indenture.

Notwithstanding any provision of the Indenture summarized under this Section of the Indenture, if the Borrower will provide to the Issuer and the Trustee an Opinion of Bond Counsel to the effect that any action required under the Indenture pursuant to the provisions summarized under this Section of the Indenture or the Tax Regulatory Agreement is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Code, the Issuer and the Trustee may rely conclusively on such opinion in complying with the provisions thereof, and the covenants thereunder will be deemed to be modified to that extent.

Insurance and Condemnation Proceeds Fund

As and when needed, the Trustee will establish, maintain and hold in trust a separate fund designated as the “Insurance and Condemnation Proceeds Fund,” and administer said fund as set forth in the Agreement.

Before any payment from the Insurance and Condemnation Proceeds Fund will be made, the Borrower will file or cause to be filed with the Trustee a Requisition of the Borrower stating: (1) the item number of such payment; (2) the name of the Person to whom each such payment is due, which may be the Borrower in the case of reimbursement for costs of such repair or replacement theretofore paid by the Borrower; (3) the respective amounts to be paid; (4) the purpose by general classification for which each obligation to be paid was incurred; (5) that obligations in the stated amounts have been incurred by the Borrower and are presently due and payable and that each item thereof is a proper charge against the Insurance and Condemnation Proceeds Fund and has not been previously paid from the Insurance and Condemnation Proceeds Fund; and (6) that there has not been filed with or served upon the Borrower any notice of claim of lien, or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, for which adequate security for the payment of such obligation has been posted, or which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen’s or mechanics’ liens accruing by mere operation of law.

Upon receipt of a Requisition, the Trustee will pay the amount set forth in such Requisition as directed by the terms thereof out of the Insurance and Condemnation Proceeds Fund. The Trustee may conclusively rely upon such Requisition and will have no responsibility or duty to investigate any of the matters set forth therein. The Trustee will not make any such payment if it has received any written notice of claim of lien, attachment upon, or claim affecting the right to receive payment of, any of the moneys to

be so paid, that has not been released or will not be released simultaneously with such payment, unless adequate security for the payment of such obligation has been posted.

When the repair or replacement of damaged, destroyed or taken property will have been completed, the Borrower will deliver to the Trustee a Certificate of the Borrower stating the fact and date of such completion and stating that all of the costs thereof have been determined and paid (or that all of such costs have been paid less specified claims that are subject to dispute and for which a retention in the Insurance and Condemnation Proceeds Fund is to be maintained in the full amount of such claims until such dispute is resolved). Subject to the Agreement, the Borrower will direct the Trustee by said Certificate of the Borrower to transfer any remaining balance in the Insurance and Condemnation Proceeds Fund, less the amount of any such retention, to the Special Redemption Account or, at the election of the Borrower, to the Bond Fund. Upon the disbursement of all moneys in the Insurance and Condemnation Proceeds Fund, such fund will thereafter be closed until such time as such fund is again required to be established pursuant to the Indenture.

Investment of Moneys in Funds

Except as otherwise provided in the Indenture, all moneys in any of the funds and accounts (other than the Rebate Fund) established pursuant to the Indenture will be invested by the Trustee solely in such Eligible Securities as are specified in a Request of the Borrower, which Request of the Borrower will state that such investment is an Eligible Security as required by the Indenture, provided, however, that, if the Borrower does not file such a Request with the Trustee by noon of the second Business Day preceding the day when investments are to be made, the Trustee will invest to the extent practicable in investments described in clause (g) of the definition of the term “Eligible Securities”; provided, however, that any such investment will be made by the Trustee only if, prior to the date on which such investment is to be made, the Borrower will have directed in writing specifying a specific money market fund and, if no such request in writing by the Borrower is so received, the Trustee will hold such moneys uninvested.

All interest, profits and other income received from the investment of moneys within the Rebate Fund will be credited to the Rebate Fund. All interest, profits and other income received from the investment of moneys within the Costs of Issuance Fund will be credited to the Bond Fund for payment of principal and interest on the Bonds. Except as otherwise provided in written instructions by the Borrower which will be provided in accordance with the Tax Regulatory Agreement, all interest, profits and other income received from the investment of moneys in any other fund or account established under the Indenture will be credited to the Bond Fund.

Subject to the Indenture, investments in any and all funds and accounts established pursuant to the Indenture (other than the Rebate Fund) may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions in the Indenture for transfer to or holding in a particular fund amounts received or held by the Trustee under the Indenture, provided that the Trustee will at all times account for such investments strictly in accordance with the particular funds to which they are credited and otherwise as provided in the Indenture. The Trustee or an affiliate of the Trustee may act as principal or agent in the making or disposing of any investment and will be entitled to its customary fee therefor. The Trustee or its affiliates may act as sponsor, advisor or depository with regard to any Eligible Security. The Trustee may sell or present for redemption, any securities so purchased whenever it will be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such securities is credited, and the Trustee will not be liable or responsible for any loss resulting from such investment. To the extent that Eligible Securities are registrable securities, such Eligible Securities will be registered in the name of the Trustee for the benefit of the Holders and held by the Trustee.

The Issuer (and the Borrower by its execution of the Agreement) acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grants the Issuer and the Borrower the right to receive brokerage confirmations of security transactions as they occur, the Issuer and the Borrower specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Issuer and the Borrower monthly cash transaction statements which include detail for all investment transactions made by the Trustee under the Indenture.

The Trustee is authorized, in making or disposing of any investment permitted by the Indenture, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or any such affiliate is acting as agent of the Trustee or for any third person or dealing as principal for its own account. The Trustee will sell, or present for prepayment, any Eligible Security so purchased by the Trustee whenever it will be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Eligible Security is credited, and the Trustee will not be liable or responsible for any loss resulting from such investment.

Covenants

Punctual Payment. The Issuer will punctually pay, out of the Trust Estate and pledged funds as provided for in the Indenture, the principal, premium, if any, and interest to become due in respect of every Bond issued under the Indenture at the times and places and in the manner provided for in the Indenture and in the Bonds, according to the true intent and meaning thereof.

Extension of Payment of Bonds. The Issuer will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the claims for interest by the purchase of such Bonds or claims for interest or by any other arrangement except with the written consent of all Bondholders.

Encumbrance Upon Trust Estate. The Issuer will not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Trust Estate and other assets pledged or assigned under the Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Issuer expressly reserves the right to enter into one or more other indentures for any of its public purposes, including other economic development projects under the Act, and reserves the right to issue other obligations for such purposes.

Power to Issue Bonds and Make Pledge and Assignment. The Issuer is duly authorized pursuant to the Act to issue the Bonds and to enter into the Indenture and to pledge and assign the Trust Estate and other assets purported to be pledged and assigned, respectively, under the Indenture in the manner and to the extent provided in the Indenture. The Bonds and the provisions of the Indenture are and will be the valid and binding limited obligations of the Issuer enforceable in accordance with their terms, and the Issuer and Trustee will at all times, to the extent permitted by law, subject to the provisions of the Indenture, upon provision of adequate indemnity, defend, preserve and protect said pledge and assignment of Trust Estate and other assets and all the rights of the Bondholders under the Indenture against all claims and demands of all persons whomsoever.

Accounting Records and Financial Statements. The Trustee will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with the Trustee's accounting practices for books of record and account relating to similar trust accounts and in accordance with the customary standards of the corporate trust industry for such books of record and account, in which complete and accurate entries will be made of all transactions made by it relating to the proceeds of Bonds, the Trust Estate, the Agreement and the Indenture and all funds and accounts established pursuant to the Indenture. Such books of record and account will be available for inspection by the Issuer, the Borrower and any

Bondholder, or his agent or representative duly authorized in writing, at reasonable hours, upon reasonable notice and under reasonable circumstances. The Trustee will maintain the records described in this paragraph until six years after the first date upon which no Bond is Outstanding. The Trustee will furnish to the Borrower monthly and to the Issuer upon request, a complete financial statement (which may be in the form of its regular statements) covering receipts, disbursements, allocation and application of Revenues and the proceeds of the Bonds made by the Trustee; provided that the Trustee will not be obligated to deliver an accounting for any fund or account that (i) has a balance of zero, and (ii) has not had any activity since the last reporting date.

Tax Covenants Relating to the Bonds. The Issuer will at all times do and perform all acts and things permitted by law and the Indenture that are necessary or desirable in order to assure that interest paid on the Bonds will be excluded from gross income for purposes of federal income taxes and will take no action that would result in such interest not being excluded from gross income for federal income taxes. Without limiting the generality of the foregoing, the Issuer agrees to comply with the provisions of the Tax Regulatory Agreement. This covenant will survive payment in full or defeasance of the Bonds.

Amendment of Agreement. The Issuer will not amend, modify or terminate any of the terms of the Agreement, or consent to any such amendment, modification or termination, without the prior written consent of the Trustee. The Trustee will give such written consent if but only if (a) it has received an Opinion of Bond Counsel to the effect that such amendment or modification will not materially and adversely affect the interests of the Holders of the Bonds (which written representation may be based on representations of other parties in accordance with the provisions of the Indenture); or (b) the Holders of a majority in aggregate principal amount of the Bonds then Outstanding consent in writing to such amendment, modification or termination, provided that no such amendment, modification or termination will (i) reduce the amount of Base Loan Payments to be made to the Issuer or the Trustee by the Borrower pursuant to the Agreement, or extend the time for making such payments, without the written consent of all of the Holders of the Bonds then Outstanding for which such payments have been reduced or extended or (ii) permit the creation of a lien ranking prior to or on a parity with the lien of the Deed of Trust (if then in effect) or the lien the Trust Estate under the Indenture, or terminate the lien of the Deed of Trust (if then in effect) or of the Indenture on any other property at any time subject thereto, or deprive the holders of the Bonds of the security afforded by the lien of the Deed of Trust (if then in effect) or the Indenture, in each case without the consent of Holders of all Bonds then Outstanding affected thereby. The Trustee will deliver a copy of such amendment as executed to any Rating Agency then rating the Bonds promptly after execution by the Issuer and the Borrower.

Waiver of Laws; Staying or Extending Time. The Issuer will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension of law now or at any time after the date of execution of the Indenture in force that may affect the covenants and agreements contained in the Indenture or in the Bonds, and all benefit or advantage of any such law or laws is expressly waived by the Issuer under the Indenture to the extent permitted by law.

Further Assurances. The Issuer will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Holders of the Bonds the rights and benefits provided in the Indenture.

Continuing Disclosure. Pursuant to the Agreement, the Borrower has covenanted and agreed that it will comply with the Continuing Disclosure Agreement. The Issuer will have no obligation or liability to the Bondholders or any other person with respect to continuing disclosure matters. Notwithstanding any other provision of the Indenture, failure of the Borrower to comply with the Continuing Disclosure Agreement will not be an Event of Default; however, the Trustee may and will take, at the request of the

Holders of at least 25% aggregate principal amount of Outstanding Bonds, upon receipt of satisfactory indemnification, such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Borrower to comply with its obligations under the Agreement and under the Continuing Disclosure Agreement.

Events of Default and Remedies

Events of Default, Acceleration, Waiver of Default. Each of the following events which has occurred and is continuing will constitute an “Event of Default” under the Indenture:

(a) default in the due and punctual payment of the principal of, or premium, if any, on, any Bond when and as the same will become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(b) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment will become due and payable;

(c) failure by the Issuer in the performance or observance of any other of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, and continuance of such failure for a period of 60 days after written notice thereof, specifying such failure and requiring the same to be remedied, will have been given to the Issuer and the Borrower by the Trustee, or to the Issuer, the Trustee and the Borrower by the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding; or

(d) the occurrence and continuance of a Loan Default Event or

(e) the occurrence and continuance of any default under the Deed of Trust (if then in effect) that is not cured within any applicable grace or cure period provided therein.

If a failure by the Issuer specified in subsection (c) above will be such that it cannot be corrected within the applicable 60-day period, such failure will not constitute an Event of Default if corrective action is instituted by the Issuer within the applicable period and diligently pursued.

During the continuance of an Event of Default, unless the principal of all the Bonds will have already become due and payable, the Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, and upon receipt of indemnification satisfactory to it, will, by notice in writing to the Issuer and the Borrower, promptly declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding. Interest on the Bonds will cease to accrue as of the date of acceleration. The Trustee will promptly notify the Bondholders of the date of acceleration and the cessation of accrual of interest on the Bonds in the same manner as for a notice of redemption. The Trustee will also provide notice of acceleration to any Rating Agency then rating the Bonds.

Institution of Legal Proceedings by Trustee. If one or more Events of Default will happen and be continuing, the Trustee in its discretion may, and upon the written request of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, will, proceed to protect or enforce its rights or the rights of the Holders of Bonds under the Act or under the Agreement, the Deed of Trust (if then in effect) or the Indenture by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid

of the execution of any power granted in the Indenture, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee will deem most effectual in support of any of its rights or duties under the Indenture. Without limiting the generality of the foregoing, upon the occurrence and continuance of an Event of Default, the Trustee will be entitled to exercise any and all rights and remedies available to it under the Deed of Trust (if then in effect), including, without limitation, the right to commence and prosecute foreclosure proceedings, to seek the appointment of a receiver, and to exercise any power of sale or other remedy provided therein or under applicable law.

Application of Moneys Collected by Trustee. Any moneys collected by the Trustee pursuant to the provisions of the Indenture described under the heading entitled “Events of Default and Remedies” will be applied in the following order, at the date or dates fixed by the Trustee and, in the case of distribution of such moneys on account of principal (or premium, if any), upon presentation of the Bonds, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

FIRST, to the payment of costs and expenses of collection and compensation to the Trustee for its own services and for the services of counsel, agents and employees by it properly engaged and employed, and all other costs, expenses and liabilities incurred by it under the Indenture, and for advances made pursuant to the applicable provisions of the Indenture;

SECOND, in case the principal of none of the Bonds will have become due and remains unpaid, to the payment of interest in default, such payments to be made ratably and proportionately to the persons entitled thereto without discrimination or preference; and

THIRD, in case the principal of any of the Bonds will have become due by declaration or otherwise and remains unpaid, first to the payment of interest in default in the order of maturity thereof, and then to the payment of the principal of all Bonds then due and unpaid and the premium thereon, if any; in every instance such payment to be made ratably to the persons entitled thereto without discrimination or preference.

Whenever moneys are to be applied as aforesaid, such moneys will be applied at such times, and from time to time, as the Trustee will determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee will apply such funds, it will fix the date (which will be an Interest Payment Date unless the Trustee will deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and past-due interest to be paid on such date will cease to accrue.

Effect of Delay or Omission to Pursue Remedy. No delay or omission of the Trustee or of any Holder of Bonds to exercise any right or power arising from any default will impair any such right or power or will be construed to be a waiver of any such default or acquiescence therein, and every power and remedy given by the Indenture to the Trustee or to the Holders of Bonds may be exercised from time to time, and as often as will be deemed expedient. In case the Trustee will have proceeded to enforce any right under the Indenture, and such proceedings will have been discontinued or abandoned because of waiver or for any other reason, or will have been determined adversely to the Trustee, then and in every such case the Issuer, the Trustee and the Holders of the Bonds, severally and respectively, will be restored to their former positions and rights thereunder in respect to the Trust Estate; and all remedies, rights and powers of the Issuer, the Trustee and the Holders of the Bonds will continue as though no such proceedings had been taken.

Remedies Cumulative. No remedy conferred upon or reserved to the Trustee or to any Holder of the Bonds in the Indenture is intended to be exclusive of any other remedy, but each and every such remedy

will be cumulative and will be in addition to every other remedy given thereunder or now or thereafter existing at law or in equity.

Covenant to Pay Bonds in Event of Default. The Issuer covenants that, upon the happening of any Event of Default, the Issuer will pay, but only out of the Revenues and other proceeds of the Trust Estate and the other funds provided in the Indenture therefor, to the Trustee, upon demand, for the benefit of the Holders of the Bonds, the whole amount then due and payable thereon (by declaration or otherwise) for interest or for principal and premium, or both, as the case may be, and all other sums which may be due thereunder or secured thereby, including compensation to the Trustee and its agents and counsel and any expenses or liabilities incurred by the Trustee thereunder and its agents and counsel. In case the Issuer will fail to pay the same forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, will be entitled to institute proceedings at law or in equity in any court of competent jurisdiction to recover judgment for the whole amount due and unpaid, together with costs and reasonable attorneys' fees, subject, however, to the condition that such judgment, if any, will be limited to, and payable solely out of, Revenues and other proceeds of the Trust Estate as provided in the Indenture and not otherwise. The Trustee will be entitled to recover such judgment as aforesaid, before or after or during the pendency of any proceedings for the enforcement of the Indenture, and the right of the Trustee to recover such judgment will not be affected by the exercise of any other right, power or remedy for the enforcement of the provisions of the Indenture.

Power of Trustee to Control Proceedings. Subject to the provisions of the Indenture described under the heading "Limitation on Bondholders' Right to Sue", in the event that the Trustee, upon the happening of an Event of Default, will have taken some action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding it will have full power, in the exercise of its discretion for the best interests of the Holders of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee will not, unless there no longer continues an Event of Default under the Indenture, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Holders of at least a majority in aggregate principal amount of the Bonds Outstanding thereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Limitation on Bondholders' Right to Sue. Notwithstanding any other provision of the Indenture, no Holder of any Bond issued thereunder will have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture unless (a) such Holder will have previously given to the Trustee written notice of the occurrence of an Event of Default thereunder; (b) the Holders of at least a majority in aggregate principal amount of all the Bonds then Outstanding will have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name; (c) said Holders will have tendered to the Trustee indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee will have refused or omitted to comply with such request for a period of 60 days after such written request will have been received by, and said tender of indemnity will have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared under the Indenture, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy thereunder; it being understood and intended that no one or more Holders of Bonds will have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner provided for in the Indenture, and that all proceedings at law or in equity to enforce any provision of the Indenture will be instituted, had and maintained in the manner provided for in the Indenture and for the equal benefit of all Holders of the Outstanding Bonds.

The right of any Holder of any Bond to receive payment of the principal of and premium, if any, and interest on such Bond out of Revenues and other proceeds of the Trust Estate and the funds pledged in the Indenture, as provided for in the Indenture, on and after the respective due dates expressed in such Bond, or to institute suit for the enforcement of any such payment on or after such respective dates, will not be impaired or affected without the consent of such Holder, notwithstanding any provisions of the Indenture.

Modification of Indenture and Amendments of the Deed of Trust

Modification Without Consent of Bondholders. Subject to the conditions and restrictions in the Indenture contained, the Issuer and the Trustee, from time to time and at any time, may enter into an indenture or indentures supplemental thereto, which indenture or indentures thereafter will form a part thereof, including, without limitation, for one or more of the following purposes; provided that the Issuer and the Trustee will have received the written consent of the Borrower and an Opinion of Bond Counsel to the effect that such amendment or modification will not cause interest on the Bonds to be included in the gross income of the Holders thereof for federal income tax purposes:

(a) to add to the covenants and agreements of the Issuer in the Indenture contained, other covenants and agreements thereafter to be observed, or to assign or pledge additional security for the Bonds, or to surrender any right or power reserved to or conferred upon the Issuer under the Indenture;

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing, correcting or supplementing any defective provision, contained in the Indenture, or in regard to such matters or questions arising under the Indenture as the Issuer may deem necessary or desirable and not inconsistent with the Indenture;

(c) to modify, amend or supplement the Indenture or any indenture supplemental thereto in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute in effect, and, if they so determine, to add to the Indenture or any indenture supplemental thereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute;

(d) in connection with an amendment of the Agreement permitted by the Indenture for the purpose of conforming the terms, conditions and covenants of the Indenture to the corresponding or related provisions of such amended Agreement; or

(e) to conform to the terms and provisions of any credit enhancement for the Bonds or to obtain or maintain a rating on the Bonds.

Any supplemental indenture authorized by the provisions of the Indenture may be executed by the Issuer and the Trustee without the consent of the Holders of any of the Bonds, notwithstanding any of the provisions of the Indenture, but the Trustee will not be obligated to enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

The Trustee will deliver an executed copy of any supplemental indenture authorized by the Indenture to any Rating Agency then rating the Bonds promptly after execution by the Issuer and the Trustee.

Modification with Consent of Borrower and Bondholders. With the written consent of the Borrower and the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, the Issuer and the Trustee may from time to time and at any time, with an Opinion of Bond Counsel addressed to the Issuer and the Trustee to the effect that such amendment or modification will not

cause interest on the Bonds to be included in the gross income of the Holders thereof for federal income tax purposes, enter into an indenture or indentures supplemental thereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture; provided, however, that no such supplemental indenture will (a) extend the fixed maturity of any Bonds or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof without the consent of the Holder(s) of such Bond(s); (b) permit the creation of a lien ranking prior to or on a parity with the lien of the Deed of Trust (if then in effect) or the lien the Trust Estate under the Indenture, or terminate the lien of the Deed of Trust (if then in effect) or of the Indenture on any other property at any time subject thereto, or deprive the holders of the Bonds of the security afforded by the lien of the Deed of Trust (if then in effect) or the Indenture, in each case without the consent of Holders of all Bonds then Outstanding affected thereby; or (c) reduce the aforesaid percentage of Holders of Bonds whose consent is required for the execution of such supplemental indentures, without the consent of the Holders of all the Bonds then Outstanding. Upon receipt by the Trustee of a Certificate of the Issuer authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of the Borrower and the requisite Bondholders, as aforesaid, the Trustee will join with the Issuer in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under the Indenture or otherwise, in which case the Trustee may in its discretion, but will not be obligated to, enter into such supplemental indenture.

It will not be necessary for the consent of the Borrower and the requisite Bondholders under this Section in the Indenture to approve the particular form of any proposed supplemental indenture, but it will be sufficient if such consent will approve the substance thereof.

Promptly after the execution by the Issuer and the Trustee of any supplemental indenture pursuant to the provisions of the section of the Indenture described under this heading, the Trustee will deliver a notice, setting forth in general terms the substance of such supplemental indenture, to the Borrower, the Rating Agencies and the Bondholders at the addresses shown on the Bond Register. Any failure of the Trustee to give such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such supplemental indenture.

Amendments of the Deed of Trust Not Requiring Consent. The Trustee may, without the consent of or notice to the Bondholders, enter into or otherwise consent to any amendment, change, modification, or termination of the Deed of Trust (if then in effect) as may be required (a) by the provisions of the Deed of Trust (if then in effect) or the Indenture, or (b) for the purpose of curing any ambiguity or formal defect or omission.

Amendments of the Deed of Trust Requiring Consent. Except for the amendments, changes or modifications referred to in the Indenture, the Trustee will not enter into or otherwise consent to any other amendment, change, modification, or termination of the Deed of Trust (if then in effect) unless (a) it has received an Opinion of Bond Counsel to the effect that such amendment, change, modification, or termination will not materially and adversely affect the interests of the Holders of the Bonds (which written representation may be based on representations of other parties in accordance with the provisions of the Indenture); or (b) the Holders of a majority in aggregate principal amount of the Bonds then Outstanding consent in writing to such amendment, change, modification or termination, provided that no such amendment, change, modification or termination will permit the creation of a lien ranking prior to or on a parity with the lien of the Deed of Trust (if then in effect), or terminate the lien of the Deed of Trust (if then in effect), or deprive the holders of the Bonds of the security afforded by the lien of the Deed of Trust (if then in effect), in each case without the consent of Holders of all Bonds then Outstanding affected thereby. In connection with any such amendment, change, modification, or termination, the notice and consent provisions of the Indenture will apply as if it were an amendment or supplement to the Indenture. If at any

time the Borrower will request the consent of the Trustee to any such proposed amendment, change or modification of the Deed of Trust (if then in effect), the Trustee will, upon being reasonably indemnified by the Borrower with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided in the Indenture. Such notice will briefly set forth the nature of such proposed amendment, change or modification and will state that copies of the instrument embodying the same are on file at the designated office of the Trustee for inspection by all Bondholders. Within 60 days following the mailing of such notice, the Trustee must receive the written consent and approval of the Bondholders of the requisite principal amount of the Bonds then Outstanding to the execution of any such amendment, change or modification.

Defeasance

Discharge of Indenture. Bonds may be paid by the Issuer in any of the following ways, provided that the Issuer also causes to be paid any other sums payable under the Indenture by the Borrower or the Issuer, including the payment of Additional Payments: (a) by paying or causing to be paid the principal of and premium, if any, and interest on the Bonds Outstanding, as and when the same become due and payable; (b) by depositing with the Trustee, in trust, at or before maturity, moneys or securities in the necessary amount to pay or redeem Bonds Outstanding; or (c) by delivering to the Trustee, for cancellation by it, all Bonds Outstanding. If the Issuer will cause to be paid all Bonds then Outstanding as provided above and will also cause to be paid all other sums payable under the Indenture, including, without limitation, any Rebate Requirement to be paid pursuant to the Tax Regulatory Agreement, and notwithstanding that any Bonds will not have been surrendered for payment, the Indenture and the pledge of the Trust Estate made under the Indenture and all covenants, agreements and other obligations of the Issuer under the Indenture will cease, terminate, become void and be completely discharged and satisfied, except only as provided in the Indenture. In such event, upon request of the Issuer, the Trustee will cause an accounting for such period or periods as may be requested by the Issuer to be prepared and filed with the Issuer and will execute and deliver to the Issuer all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee will pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to the Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption, and which are not required for the payment of fees and expenses of the Trustee, to the Borrower.

Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of moneys or securities in the necessary amount (as provided in the Indenture) to pay or redeem any Outstanding Bond, whether upon or prior to its maturity or the redemption date of such Bond (provided that, if such Bond is to be redeemed prior to the maturity thereof, notice of such redemption will have been given as in the Indenture provided or provision satisfactory to the Trustee will have been made for the giving of such notice), then all liability of the Issuer in respect of such Bond will cease, terminate and be completely discharged, except only that thereafter the Holder thereof will be entitled to payment of the principal of, premium, if any, and interest on such Bond by the Issuer, and the Issuer will remain liable for such payment but only out of the money or securities deposited with the Trustee as aforesaid for its payment; provided further, however, that the provisions of the Indenture will apply in all events.

The Issuer or the Borrower may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Issuer or the Borrower may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, will be deemed to be paid and retired.

Deposit of Money or Securities with Trustee. Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee moneys or securities in the amount necessary to pay or redeem any Bonds, the moneys or securities so to be deposited or held may include moneys or securities held by the Trustee in the funds established pursuant to the Indenture and will be: lawful money

of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption will have been given or provision satisfactory to the Trustee will have been made for the giving of such notice, the amount to be deposited or held will be the principal amount of such Bonds and all unpaid interest thereon to the redemption date, together with the redemption premium, if any; or (1) noncallable direct obligations of the United States of America (including, without limitation, obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America (including without limitation the interest component of Resolution Funding Corporation strips for which separation of principal and interest is made by request to the Federal Reserve Bank of New York in book-entry form) or (2) securities the interest on which is excludable from gross income for federal tax purposes which have been advance refunded pursuant to the Code for which a nationally recognized rating service is maintaining a rating equal to the rating of a direct obligation of the United States of America and the principal of and interest on which when due will provide money sufficient to pay the principal of, and premium, if any, and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal, and premium, if any, and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption will have been given as provided or provision satisfactory to the Trustee will have been made for the giving of such notice; provided, in each case, that the Trustee will have been irrevocably instructed (by the terms of the Indenture) to apply such money to the payment of such principal, premium, if any, and interest with respect to such Bonds and provided, further, that the Issuer, and the Trustee will have received (1) an Opinion of Bond Counsel to the effect that such deposit will not cause interest on the Bonds to be included in the gross income of the Holders thereof for federal income tax purposes, and (2) a verification report of a firm of certified public accountants or other financial services firm acceptable to the Issuer verifying that the money or securities so deposited together with earnings thereon will be sufficient to make all payments of principal of and premium, if any, and interest on the Bonds to be discharged to and including the earlier of their respective maturity dates or the date they are to be redeemed.

Payment of Bonds after Discharge of Indenture. Notwithstanding any provision of the Indenture, and subject to applicable escheat laws, any moneys held by the Trustee in trust for the payment of the principal of, premium, if any, or interest on any Bonds and remaining unclaimed for two years after such amount has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in the Indenture), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when such amount became due and payable, will be repaid to the Borrower free from the trusts created by the Indenture, upon receipt of an indemnification agreement acceptable to the Issuer and the Trustee indemnifying the Issuer and the Trustee with respect to claims of Holders which have not yet been paid, and all liability of the Trustee and the Issuer with respect to such moneys will thereupon cease and thereafter holders will solely be entitled as unsecured creditors to payment from the Borrower; provided, however, that before the repayment of such moneys to the Borrower as aforesaid, the Trustee may (at the cost of the Borrower) first deliver to the Holders which have not yet been paid, at the addresses shown on the Bond Register, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Borrower of the moneys held for the payment thereof.

Money Held for Particular Bonds

The money held by the Trustee for the payment of the interest, premium, if any, principal or Redemption Price due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) will, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto, subject, however, to the provisions of the Indenture summarized under the heading “Payment of Bonds after Discharge of Indenture.”

LOAN AGREEMENT

The following briefly summarizes certain of the terms and provision of the Agreement. Such summary is not to be considered a complete statement of the terms and provisions of such Agreement. Reference is made to the Agreement for a complete statement of the terms, provisions and conditions thereof.

Representations and Warranties of the Borrower

The Borrower makes the following representations and warranties to the Issuer:

(a) The Borrower is a nonprofit public benefit corporation duly incorporated and in good standing under the laws of the State, has the requisite legal right, power and authority to enter into and deliver each of the Borrower Documents and to carry out and consummate all transactions contemplated by each of the Borrower Documents, and by proper corporate action has duly authorized the execution and delivery of each of the Borrower Documents.

(b) The execution and delivery of each of the Borrower Documents and the consummation of the transactions therein contemplated will not conflict with or constitute a breach of or default under the articles of incorporation of the Borrower, its bylaws, any law or administrative rule or regulation applicable to the Borrower, any court or administrative decree or order applicable to the Borrower or any material loan agreement, bond, debenture, note or other evidence of indebtedness or any material contract, agreement or lease to which the Borrower is a party, which conflict, breach or default would materially adversely affect the assets, operations or financial condition of the Borrower.

(c) There are no actions, suits or proceedings which have been served on the Borrower or, to the knowledge of the Borrower, are otherwise pending or threatened against the Borrower, which, if determined adversely to the Borrower, would result in a material adverse change in the assets, operations or financial condition of the Borrower, and the Borrower is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or governmental agency which default might have consequences that would materially and adversely affect the assets, operations or financial condition of the Borrower. The Borrower owns or has valid right or license to use all of the premises which are material to its operations. The Borrower has or will have good and marketable title to all of the real property comprising the Property.

(d) The Borrower is an organization described in Section 501(c)(3) of the Code, and is exempt from federal income tax under Section 501(a) of such Code, except with respect to any unrelated business income of the Borrower, which income is not expected to result from the consummation of any transaction contemplated by the Agreement. The Borrower is not a private foundation within the meaning of Section 509(a) of the Code, and the Borrower at all times will maintain its status as an organization described in Section 501(c)(3) of the Code and its exemption from federal income tax under Section 501(a) of the Code or corresponding provisions of future federal income tax laws. The facts and circumstances which formed the basis of the Borrower’s status as an organization described in Section 501(c)(3) of the

Code as represented to the Internal Revenue Service continue substantially to exist. To the best knowledge of the Borrower, no proceedings are pending or threatened in any way contesting or affecting the Borrower's status as an organization described in Section 501(c)(3) of the Code.

(e) The audited statement of financial position of the Borrower at June 30, 2025, and the related statements of activities and cash flows for the year ended on such date, including the related footnotes (copies of which, audited by independent certified public accountants, have been furnished to the Issuer), fairly state the financial position of the Borrower at the last day of said Fiscal Year and the changes in net assets for the year ended on such date in accordance with generally accepted accounting principles, consistently applied, and since June 30, 2025 there has been no material adverse change in the assets, operations or financial condition of the Borrower.

(f) To the best knowledge of the Borrower, no written information, exhibit or report containing current or historical information which was furnished to the Issuer or the Underwriter by the Borrower, taken together, contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, and the information pertaining to the Borrower and the Project in the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(g) The Borrower is in compliance with all laws, ordinances, governmental rules and regulations to which it is subject and which are material to its properties, operations, finances or status as an organization described in Section 501(c)(3) of the Code.

(h) The Borrower has obtained, or reasonably expects to obtain when and as required, all licenses, permits, franchises or other governmental authorizations necessary and material to the ownership of its property or to the conduct of its activities, and to the development and operation of the Project, and agrees to obtain all such licenses, permits, franchises or other governmental authorizations as may be required in the future for its operations in all cases where failure to obtain such licenses, permits, franchises or other governmental authorizations could reasonably be expected to materially and adversely affect the condition (financial or otherwise) of the Borrower or its ability to perform its obligations under the Borrower Documents.

(i) The Borrower has or will have good and marketable fee title in the Property, free and clear from all encumbrances other than Permitted Encumbrances. The Borrower enjoys the peaceable and undisturbed possession of all real and personal property which is material to its operation. The Borrower has furnished to the Issuer and the Underwriter a description of the Project and such information is complete and accurate.

(j) As of the date of the Agreement, the Borrower is in compliance in all material respects with ERISA and other laws to the extent applicable thereto.

(k) The officers of the Borrower executing the Borrower Documents are duly and properly empowered and fully authorized to execute the same.

(l) Each of the Borrower Documents has been duly authorized, executed and delivered by the Borrower and (i) the Agreement, when assigned to the Trustee pursuant to the Indenture, and the Deed of Trust (if executed and delivered), will each constitute the legal, valid and binding agreement of the Borrower with the Trustee enforceable against the Borrower in accordance with its terms for the benefit of the Holders of the Bonds, except as enforcement may be limited by bankruptcy, insolvency or other laws

affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought; and (ii) the Tax Regulatory Agreement and the Continuing Disclosure Agreement, and any rights of the Issuer and obligations of the Borrower thereunder, constitute the legal, valid, and binding agreements of the Borrower with the Issuer enforceable against the Borrower in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought.

(m) No consent or approval of any trustee or holder of any indebtedness of the Borrower, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of the Borrower Documents or the consummation of any transaction contemplated thereby, except as have been obtained or made and as are in full force and effect.

(n) All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower have been filed, and all taxes shown thereon to be due, including interest and penalties except such, if any, as are being actively contested by the Borrower in good faith, have been paid or adequate reserves have been made for the payment thereof, which reserves, if any, are reflected in the financial statements described in subsection (e) above.

(o) The Agreement, when assigned to the Trustee pursuant to the Indenture, will constitute the legal, valid and binding agreement of the Borrower to the Trustee enforceable against the Borrower in accordance with its terms for the benefit of the Holders of the Bonds, and the Retained Rights of the Issuer and obligations of the Borrower not so assigned to the Trustee constitute the legal, valid, and binding agreements of the Borrower to the Trustee enforceable against the Borrower in accordance with their terms and the terms of the Indenture; except as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought.

Representations and Warranties of the Issuer

The Issuer makes the following representations and warranties to the Borrower:

(a) The Issuer is a joint exercise of powers authority duly created and existing under the laws of the State. Under the provisions of the Act, the Issuer has the power to enter into the transactions contemplated by the Agreement and the Indenture and to carry out its obligations under the Agreement and under the Indenture. By proper action, the Issuer is duly authorized to execute, deliver and perform its obligations under the Agreement and the Indenture.

(b) To the current actual knowledge of the Issuer, the execution and delivery of the Agreement and the Indenture and the consummation by the Issuer of the transactions contemplated in the Agreement and the Indenture will not in any material respect conflict with or constitute on the part of the Issuer a material breach of or default under any agreement or other instrument to which the Issuer is a party or by which it is bound or any existing law, regulation, court order or consent decree to which it is subject which breach or default would have a material adverse effect on the Issuer's ability to perform its obligations under the Indenture or the Agreement.

(c) The Agreement and the Indenture, when executed by the Issuer, and assuming due execution on the part of the other parties thereto, will constitute the valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their respective terms.

(d) No member, officer or other official of the Issuer participating in the approval of the Agreement has any interest in the Borrower or in the transactions contemplated by the Agreement.

(e) To the knowledge of the Issuer, there is no action, suit, proceeding, claim, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or threatened against or affecting the Issuer, challenging the Issuer's authority to enter into the Agreement or the Indenture or any other action wherein an unfavorable ruling or finding would adversely affect the enforceability of the Agreement or the Indenture, or the exclusion of interest on the Bonds from gross income for federal tax purposes under the Code, or would materially and adversely affect any of the transactions contemplated by the Agreement or the Indenture.

Loan Repayments

The principal of and interest on the loan of the proceeds of the Bonds will be repaid by means of "Base Loan Payments," which the Borrower agrees in the Agreement to pay to the Trustee for deposit into the Bond Fund and which, in the aggregate, will be in an amount sufficient for the payment in full of the Bonds Outstanding under the Indenture, including (a) the total interest becoming due and payable on the Bonds; (b) the total principal of the Bonds; and (c) the redemption premiums, if any, that will be payable on the redemption of Bonds prior to their respective stated maturity dates, less the amount of other funds available for such payments as provided in the Indenture. The Base Loan Payments will be due and payable in semiannual installments on May 15 and November 15 of each year, so long as the Bonds are Outstanding. Each Base Loan Payment will be in an amount equal to the amount required by the Trustee to make the deposits and payments required on the next succeeding Interest Payment Date, taking into account any other funds in the Bond Fund available for such purposes. Notwithstanding the foregoing, if 15 days prior to any Interest Payment Date, the aggregate amount in the Bond Fund is for any reason insufficient or unavailable to make the required payments of principal (or redemption price, in the case of mandatory sinking fund redemption, if any), of or interest on the Bonds then coming due (whether by maturity, redemption or acceleration), the Borrower will forthwith pay the amount of any such deficiency to the Trustee upon receipt of notice of such shortfall from the Trustee. Each installment of Base Loan Payments under the Agreement will be paid in lawful money of the United States of America to the Trustee at its Corporate Trust Office and held, invested, disbursed and applied as provided in the Indenture.

The Borrower agrees in the Agreement to pay or cause to be paid moneys to fund the Debt Service Reserve Fund pursuant to the Indenture to secure the Bonds. If on any June 1 or December 1, the amount in the Debt Service Reserve Fund is greater than the Debt Service Reserve Fund Requirement, such excess shall be transferred to the Bond Fund as provided in the Indenture. If, on any day the Trustee is required by the Indenture to value amounts in the Debt Service Reserve Fund, the aggregate amount in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Borrower shall pay to the Trustee for deposit into the Debt Service Reserve Fund pursuant to the Indenture equal monthly amounts that will make up the deficiency therein over a 12-month period.

Additional Payments

In addition to the Base Loan Payments required to be made by the Borrower, the Borrower will also pay to the Trustee or to the Issuer, as the case may be, the following (the "Additional Payments"):

(a) all taxes and assessments of any type or character charged to the Issuer or to the Trustee affecting the amount available to the Issuer or the Trustee from payments to be received under the Agreement or in any way arising due to the transactions contemplated thereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding any taxes based upon the capital or income of the

Trustee or any other person other than the Borrower; provided, however, that the Borrower will have the right to protest any such taxes or assessments payable by the Borrower and to require the Issuer or the Trustee, as the case may be, at the Borrower's expense, to protest and contest any such taxes or assessments assessed or levied upon them and that the Borrower will have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would materially adversely affect the rights or interests of the Issuer or the Trustee under the Agreement, the Indenture or otherwise with respect to the Bonds;

(b) the reasonable annual (or other regular) fees and expenses of the Trustee and its agents pursuant to the Indenture, and all reasonable fees, charges and expenses of the Trustee for any extraordinary services rendered by the Trustee under the Indenture including without limitation any amounts payable to the Trustee by the Issuer from Additional Payments pursuant to the Indenture, as and when the same become due and payable, a schedule of which has been received and approved by the Borrower;

(c) the reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Issuer or the Trustee to prepare audits, financial statements or opinions or provide such other services as are reasonably required to carry out and enforce the Agreement, the Indenture or the Tax Regulatory Agreement;

(d) other necessary, ordinary and reasonable administrative and legal fees and expenses of the Issuer, including, without limitation, reasonable expenses incurred by any attorneys representing the Issuer in connection with any questions, investigations, litigation, audits or inquiries arising under the Agreement, the Indenture, the Bonds, the Tax Regulatory Agreement, or any related document, the amendment of any of the foregoing or the enforcement thereof, any matters affecting the Project, or any litigation that may, at any time be instituted involving such loan or the Bonds, the Agreement, the Indenture, the Tax Regulatory Agreement or any other document contemplated thereby, or in connection with the inspection of the Borrower, its properties, assets or operations, or otherwise in connection with the administration of the Agreement, or those pertaining to the representation of the Issuer as a "taxpayer" before the Internal Revenue Service in any inquiry, examination, audit or investigation of the Bonds; provided, however, that the Issuer agrees in the Agreement that it will not retain consultants with respect to the issuance, sale or delivery of the Bonds unless it first notifies the Borrower in writing of its reason for retaining such consultants;

(e) the Issuer Annual Fee;

(f) all other reasonable and necessary fees, expenses and charges of the Issuer and indemnity payments payable to the Issuer arising out of or in connection with the issuance of the Bonds and the Agreement, including, but not limited to, those pertaining to any tax inquiry, audit, investigation or proceeding by the Internal Revenue Service in connection with the Bonds; and

(g) such amounts as may be necessary to satisfy the Rebate Requirements.

Such Additional Payments (except the Issuer's Annual Fee, which will be paid by the Borrower to the Issuer annually as set forth below) will be billed to the Borrower by the Issuer or the Trustee from time to time, together with (i) a statement executed by a duly authorized official or agent of the Issuer or the Trustee, as the case may be, certifying that the amount billed has been incurred or paid by the Issuer or the Trustee for one or more of the above items; and (ii) a copy of the invoice or statement for the amount so incurred or paid. Amounts so billed will be paid by the Borrower within 30 days after notice to the Borrower from the Trustee or the Issuer. Payment by the Borrower to either the Issuer or the Trustee of the amount so billed by either such party will fulfill such payment obligation of the Borrower.

The Issuer will not be required to submit a bill to the Borrower for payment of the Issuer Annual Fee or any amount due to satisfy the Rebate Requirements, the calculation and payment for which is the responsibility of the Borrower. The Issuer Issuance Fee will be paid to the Issuer by the Borrower on the Date of Issuance. Thereafter, the Issuer Annual Fee will be due and payable by the Borrower in advance on July 1 of each year, commencing with the first such date following the Date of Issuance. The Borrower will pay the Issuer Annual Fee to the Issuer at the Remittance Address. The Borrower's obligation to pay the Issuer Issuance Fee and the Issuer Annual Fee will in no way limit the other amounts that may be payable by the Borrower to the Issuer under the Agreement, including the enforcement thereof.

On or before July 1 of each year the Borrower will notify the Issuer, via mutually acceptable electronic means or by mail, of the aggregate principal amount of the Bonds Outstanding as of June 30 of such year or that the Bonds are no longer Outstanding.

Obligations of Borrower Unconditional

The full faith and credit of the Borrower is pledged to the payments required to be made by the Borrower under the Agreement. The obligations of the Borrower to make the Base Loan Payments and Additional Payments and to perform and observe the other agreements on its part contained in the Agreement will be absolute and unconditional. Until such time as the principal of and premium, if any, and interest on all Bonds and all Additional Payments will have been fully paid (or provision for the payment thereof will have been made as provided in the Indenture), the Borrower (a) will not suspend or discontinue any Base Loan Payments or Additional Payments; (b) will perform and observe all of its other agreements contained in the Agreement, the Deed of Trust (if then in effect), and the other Borrower Documents; and (c) will not terminate the Agreement for any cause including, without limiting the generality of the foregoing, any change in the laws of the United States of America or of the State or any political subdivision of either or any failure of the Issuer or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Agreement. The Agreement will be deemed and construed to be a "net contract," and the Borrower will pay absolutely net the Base Loan Payments, Additional Payments and all other payments required thereunder, free of any deductions, without abatement, diminution or setoff other than those expressly provided in the Agreement.

Investments

The Borrower, by its written Request to the Trustee, may direct the investment by the Trustee of moneys in the funds and accounts established pursuant to the Indenture, subject to the limitations set forth in the Indenture. The Borrower covenants that it will not direct the Trustee to make any investments and itself will not make any investments of the proceeds of the Bonds, or any other funds in any way pledged to the security of or reasonably expected to be used to pay the Bonds, which would cause any of the Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 103(c) of the Code. The Borrower will not purchase any obligations of the Issuer, pursuant to an arrangement, formal or informal, in an amount related to the amount of the loan made to the Borrower under the Agreement. Nothing in this Section of the Agreement will prohibit the Borrower from receiving Bonds by gift, bequest or devise or from purchasing Bonds in the secondary market other than pursuant to an arrangement related to such loan.

Financial Covenants

Days Cash on Hand.

The Borrower covenants and agrees to maintain Days Cash on Hand on each Testing Date in an amount not less than ninety-five (95) days (the "Days Cash on Hand Requirement"). No later than the Annual Reporting Date (as defined in the Continuing Disclosure Agreement), the Borrower will provide

the Trustee with a Certificate of the Borrower stating whether the Borrower has met the Days Cash on Hand Requirement. If the Days Cash on Hand for any Testing Date is less than the Days Cash on Hand Requirement, the Borrower will promptly employ an Independent Consultant to review and analyze the operations and administration of the Borrower and make recommendations concerning the Borrower's operations and financial condition. The Borrower agrees to adopt and carry out the recommendations of the Independent Consultant. Except as otherwise provided in the Agreement with respect to events of default, so long as the Borrower is otherwise in full compliance with its obligations under the Agreement, including engaging and following the recommendations of the Independent Consultant, it shall not in and of itself constitute a Loan Default Event if the Days Cash on Hand for any Testing Date is less than the Days Cash on Hand Requirement. Notwithstanding the foregoing, failure to maintain the Days Cash on Hand Requirement for any two consecutive Testing Dates commencing with the Testing Date of June 30, 2027, will constitute a Loan Default Event under the Agreement.

Debt Service Coverage Ratio.

For the Fiscal Year ending June 30, 2027, and each Fiscal Year thereafter, the Borrower shall maintain a Debt Service Coverage Ratio of at least 1.10:1.00 (the "Debt Service Coverage Ratio Requirement"). No later than the Annual Reporting Date (as defined in the Continuing Disclosure Agreement), the Borrower will provide the Trustee with a Certificate of the Borrower stating whether the Borrower has met the Debt Service Coverage Ratio Requirement. If the Borrower does not comply with this requirement, then the Borrower will promptly employ an Independent Consultant to review and analyze the operations and administration of the Borrower and make recommendations concerning the Borrower's operations and financial condition. The Borrower agrees to adopt and carry out the recommendations of the Independent Consultant. Except as otherwise provided in the Agreement with respect to events of default, so long as the Borrower is otherwise in full compliance with its obligations under the Agreement, including engaging and following the recommendations of the Independent Consultant, it shall not in and of itself constitute a Loan Default Event if the Debt Service Coverage Ratio is less than 1.10 to 1.00. Notwithstanding the foregoing, failure to maintain a Debt Service Coverage Ratio of at least 1.10:1.00 for any two consecutive Fiscal Years commencing with the Fiscal Year ending June 30, 2027, will constitute a Loan Default Event under the Agreement.

Parity Debt Test.

The Borrower shall not incur any Parity Debt unless the following conditions are satisfied: (i) the agreement under which the Parity Debt is incurred shall require that a Loan Default Event shall constitute an event of default under such agreement; (ii) any collateral given or to be given to secure the Parity Debt (other than debt service reserve and similar trustee-held funds) shall also secure the Bonds on a pari passu basis, and the Trustee and the holder of (or trustee for) such Parity Debt shall enter into an intercreditor agreement in form and substance reasonably acceptable to the Lender; (iii) no such Parity Debt may be incurred by the Borrower should any Loan Default Event (or any event which, once all notice or grace periods have passed, would constitute a Loan Default Event) have occurred and be continuing unless such default shall be cured upon the incurrence of such issuance of Parity Debt; and (iv) either:

(A) the Borrower shall have delivered to the Trustee written confirmation from each Rating Agency then maintaining a rating with respect to the Bonds that the Bonds and, if rated, the applicable Parity Debt, will have a rating of at least Baa3 from Moody's or BBB- from S&P, but in no case less than the ratings then in effect for the Bonds; or

(B) the Borrower shall have delivered to the Trustee a certificate of an independent certified public accountant demonstrating that had the applicable Parity Debt been incurred at the beginning of the most recent Fiscal Year for which audited financial statements of the Borrower are available, the Debt Service Coverage Ratio would have been at least 1.25:1.00, and a Certificate of an Authorized Borrower Representative demonstrating that the projected Debt Service Coverage Ratio, taking into account the applicable Parity Debt, for the first Fiscal Year following issuance of the applicable Parity Debt will be at least 1.25:1.00. For purposes of the calculations of Debt Service Coverage Ratio incurred under this Section:

(1) “Debt Service” shall mean maximum amount of Debt Service Requirements coming due in the then-current or any future Fiscal Year on all then-outstanding Indebtedness and the Parity Debt to be incurred; provided that:

(x) Balloon Indebtedness (including the Bonds) may be deemed to be payable on a level annual debt service basis over 30 years (or such lesser period determined by the Borrower) from the date of issuance or incurrence of such Balloon Indebtedness; “Balloon Indebtedness” meaning Indebtedness, 25% or more of the original principal of which becomes due and payable (either by maturity or scheduled mandatory redemption) or may become due and payable or required to be purchased or redeemed upon demand of the holder, during the same Fiscal Year, if such principal becoming due is not required to be amortized below such percentage by scheduled mandatory redemption or prepayment prior to such fiscal year; and

(y) (A) for any portion of variable rate Indebtedness that has a determinable fixed rate for any period, using such determinable fixed rate for such period (without regard to potential future rate adjustments based on conditions subsequent, e.g., taxable rates, default rates, and rating or corporate tax rate change based adjustments), and (B) for any portion of variable rate Indebtedness for which the rate is not determinable, at the election of the Borrower, using one of (i) the rate based on any formula or index for such future period provided in the instrument for such Indebtedness determined using then current market information as of the date of computation, (ii) the rate then in effect for such Indebtedness as of the date of computation, or (iii) the actual average rate effective for the Indebtedness for the most recent 12-month period; and

(2) If the proceeds of the Parity Debt to be incurred will be used to finance the acquisition, construction, renovation, or replacement of facilities, the Borrower may calculate the Debt Service Coverage Ratio and projected Debt Service Coverage Ratio on a pro forma basis reflecting the transactions; provided that the calculations shall either (x) exclude both the revenues and expenses associated with such facilities during the projection period or (y) include both the revenues and expenses associated with such facilities during the projection period.

Sale or Disposition of Assets.

Subject to the other limitations in the Agreement, the Borrower will not in any Fiscal Year sell, lease, transfer or otherwise dispose of any property in an amount which, together with all other property transferred by the Borrower in such fiscal year, aggregates in excess of 5% of the total value of the property of the Borrower (calculated on the basis of the book value or, if the Borrower so elects, on the basis of current value), except for transfers of property as follows: (i) transfers in the ordinary course of business; (ii) transfers for fair and adequate consideration on terms no less favorable to the Borrower than would be obtained in a comparable arm’s-length transaction; (iii) transfers of property that has, or within the next succeeding 24 calendar months, is reasonably expected to, become inadequate, obsolete or worn out, or otherwise unsuitable for the operation of the Borrower’s primary business; (iv) transfers of assets that are specifically restricted by the donor or grantor to a particular purpose inconsistent with their use for payment

on Indebtedness of the Borrower; (v) transfers as part of a merger, consolidation, sale or conveyance permitted under the Agreement; (vi) transfers as a loan to any Person, including any affiliate, if the loan is evidenced in writing and the Borrower certifies to the Trustee that the loan bears interest at a reasonable rate and that the Borrower has a reasonable expectation that the loan will be repaid in accordance with its terms; (vii) transfers where the Bond Trustee receives a certificate of the Authorized Borrower Representative prior to the transfer certifying that, immediately after the proposed disposition, the Borrower could meet the conditions for the incurrence of one dollar of Parity Debt after taking into account the effect of the proposed disposition assuming for such purposes that such transaction occurred at the beginning of the most recent fiscal year for which audited financial statements of the Borrower are available (which certificate shall include a reasonably detailed calculation evidencing the same); and (viii) without limitation, transfers of property upon which none of the primary operations of the Borrower is conducted and that does not constitute a material or integral part of the operations of the Borrower.

Borrower Covenants

Maintenance of Corporate Existence, Consolidation, Merger, Sale or Transfer Under Certain Conditions

The Borrower covenants and agrees that, so long as any of the Bonds are Outstanding, it will maintain its existence as a California nonprofit public benefit corporation and will not dissolve, sell or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another entity or permit one or more entities to consolidate with or merge into it. Notwithstanding the foregoing, the Borrower may, without violating the covenants contained in the provisions of the Agreement summarized under this heading in the Agreement, consolidate with or merge into another entity, or permit one or more other entities to consolidate with or merge into it, or sell or otherwise transfer to another entity all or substantially all of its assets and thereafter dissolve, if:

(i) the surviving, resulting or transferee entity, as the case may be (A) assumes in writing, if such entity is not the Borrower, all of the obligations of the Borrower under the Agreement; (B) is not, after such transaction, otherwise in default under any provisions of the Agreement, the Deed of Trust, or any other Borrower Documents; and (C) is an organization described in Section 501(c)(3) of the Code or a corresponding provision of the federal income tax laws then in effect;

(ii) the Issuer and the Trustee will have received evidence reasonably acceptable to the Issuer and the Trustee that the rating on the Bonds, if any, at the time of such consolidation, merger, sale or transfer, will not be reduced or withdrawn solely as a result of such consolidation, merger, sale or transfer;

(iii) the Trustee and the Issuer will have received an Opinion of Bond Counsel to the effect that such merger, consolidation, sale or other transfer will not cause interest on the Bonds to be included in gross income for federal income tax purposes under Section 103 of the Code; and

(iv) the Trustee and the Issuer will have received an Opinion of Counsel that the surviving, resulting or transferee entity is an organization described in Section 501(c)(3) of the Code or a corresponding provision of the federal income tax laws then in effect and such other matters as the Trustee or the Issuer will require.

If a merger, consolidation, sale or other transfer is effected, as provided above, the provisions of the Agreement described under this heading in the Agreement will continue in full force and effect, and no further merger, consolidation, sale or transfer will be effected except in accordance with these provisions.

Insurance

So long as any Bonds remain Outstanding, the Borrower will maintain or cause to be maintained, with insurance companies or by means of self-insurance, insurance of such type, against such risks and in such amounts as are customarily carried by nonprofit public benefit corporations located in the State of a nature similar to that of the Borrower. The Trustee will have no responsibility whatsoever to determine whether the Borrower has met its obligations under the Agreement with respect to insurance. Anything in this Section in the Agreement to the contrary notwithstanding, it will not be deemed an event of default under the Agreement if the Borrower will procure insurance with coverage below that required by the Agreement if the Borrower presents evidence to the satisfaction of the Trustee that the insurance so provided affords the greatest amount of coverage available at commercially reasonable rates for the risk being insured. The Borrower may, but will not be required to, insure against risk of earthquake.

Under the Agreement, all proceeds of the insurance carried pursuant to the Agreement (except proceeds of the liability portion, if any, of such insurance), and proceeds of any condemnation awards with respect to any portion of the Property in excess of \$5,000,000 are required to be paid immediately upon receipt by the Borrower or any other named insured party to the Trustee for deposit into the Insurance and Condemnation Proceeds Fund. In the event the Borrower elects to repair or replace the Property damaged, destroyed or taken, moneys in the Insurance and Condemnation Proceeds Fund will be disbursed by the Trustee, after deducting therefrom the reasonable charges and expenses of the Trustee incurred in connection with the collection and disbursement of such moneys, for the purpose of repairing or replacing the Property damaged, destroyed or taken in the manner and subject to the conditions set forth in the Indenture with respect to disbursements from the Insurance and Condemnation Proceeds Fund. If the Borrower will elect not to, or cannot, repair or replace the portion or portions of the Property damaged, destroyed or taken, as described in the Agreement, subject to the immediately succeeding paragraph, the Trustee will transfer all amounts in the Insurance and Condemnation Proceeds Fund on account of such damage, destruction or condemnation to the Special Redemption Account established in the Indenture.

If all amounts in the Insurance and Condemnation Proceeds Fund are not sufficient to retire all Bonds then Outstanding, the Trustee will not transfer said amounts to the Special Redemption Account unless the Borrower will file with the Trustee a report of an Independent Consultant showing that net operating income of the Borrower is projected to be at least equal to amounts due under the Agreement for each of the three full Fiscal Years immediately following such transfer after giving effect to the retirement of such Bonds. In the event such report of an Independent Consultant shows that projected net operating income of the Borrower will not be sufficient to pay amounts due under the Agreement for each of the three full Fiscal Years immediately following such transfer after giving effect to the retirement of such Bonds, the Borrower will apply all amounts in the Insurance and Condemnation Proceeds Fund to the repair or replacement of the portion or portions of the Property damaged, destroyed or taken, as provided in the immediately preceding paragraph.

Other Covenants of the Borrower

Tax Covenants. The Borrower covenants that it will not take any action, or fail to take any action, if such action or failure to take such action would result in the interest on the Bonds not being excluded from gross income for federal income tax purposes under Section 103 of the Code. Without limiting the generality of the foregoing, the Borrower covenants that it will comply with the requirements of the Tax Regulatory Agreement, which is incorporated in the Agreement as if fully set forth in the Agreement. This covenant will survive the payment in full or the defeasance of the Bonds.

Maintenance, Operation, and Use of the Property. So long as any Bonds are Outstanding, the Borrower will use its best efforts to cause the Property, during the useful life thereof, to be maintained in

good condition and repair, and will not alienate, sell, convey or transfer the Property, unless it provides to the Trustee and the Issuer an Opinion of Bond Counsel to the effect that such alienation, sale, conveyance or transfer will not cause interest on the Bonds to be included in the gross income of the Holders thereof for federal income tax purposes.

Compliance with Laws. In the Agreement, the Borrower covenants that, so long as any Bonds are Outstanding, it will comply with all material laws, statutes, ordinances, regulations, covenants, conditions and restrictions now or thereafter affecting its property, the Borrower or the operations thereof and it will not commit, suffer or permit any act to be done in violation of any law, ordinance or regulation, except, in each case, where such noncompliance or act would not have a material adverse effect upon the Borrower's assets, operations or financial condition.

Liens. Except as otherwise permitted in connection with the execution of a Deed of Trust encumbering the Property when required pursuant to the Agreement, the Borrower agrees that it will not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Property (each, a "Lien" and together, "Liens"), other than Permitted Encumbrances. The Borrower will promptly, at its own expense, take such action as may be necessary duly to discharge or remove any such unpermitted Lien.

Loan Default Event

Any of the following shall be a "loan default event" under the Agreement, and the terms "loan default event" or "default" shall mean, whenever used in the Agreement, any one or more of the following events:

(a) failure by the Borrower to make any Base Loan Payment or Additional Payment by its due date;

(b) failure by the Borrower to observe and perform any covenant, condition or agreement (other than as described in clause (a)) contained in the Agreement for a period of 60 days after written notice specifying such failure and requesting that it be remedied is delivered to the Borrower by the Trustee; provided, however, if the failure stated in the notice is correctable but cannot be corrected within the applicable period, the Issuer will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the default is corrected;

(c) the Borrower applies for or consents to the appointment of any receiver, trustee, or similar officer for it or for all or any substantial part of its property or admits in writing its inability to pay its debts as they mature; or such a receiver, trustee or similar officer is appointed without the application or consent of the Borrower and such appointment continues undischarged for a period of 60 days; or the Borrower institutes (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding is instituted (by petition, application or otherwise) against the Borrower and remains undismissed for a period of 60 days; or the Borrower makes a general assignment for the benefit of creditors; or

(d) a default occurs under the documents relating to any Parity Debt or any other material indebtedness with respect to which the Borrower is obligated, that is not waived or cured pursuant to its terms, the effect of which default is to cause or permit the holder of such other indebtedness (or the other party to any such documents) to cause such indebtedness to become due prior to its stated maturity

(e) the Borrower shall:

(i) fail to execute, deliver, and cause the recordation of the Deed of Trust when and as required pursuant to the Agreement; or

(ii) fail to maintain the Days Cash on Hand Requirement for any two consecutive Testing Dates ; or

(iii) fail to maintain a Debt Service Coverage Ratio of at least 1.10: 1.00 for any two consecutive Fiscal Years beginning with the Fiscal Year ending June 30, 2027.

Remedies on Default

In the event any of the Bonds will at the time be Outstanding and unpaid (and provision for the payment thereof will not have been made as provided in the Indenture) and any Loan Default Event will have happened and be continuing, the Issuer or the Trustee may take any one or more of the following remedial steps: (i) each of the Issuer or the Trustee may, at its option, declare all installments of Base Loan Payments payable under the Agreement for the remainder of the term thereof to be immediately due and payable, whereupon the same will become immediately due and payable; and (ii) each of the Issuer or the Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due thereunder, or to enforce performance and observance of any obligation, condition or covenant of the Borrower under the Agreement.

The term “all installments” will mean an amount equal to the entire principal amount of the then Outstanding Bonds, together with all interest accrued or to accrue on and prior to the next succeeding redemption date or dates on which the Bonds can be and actually are redeemed after giving notice to the Holders thereof as required by the Indenture (less moneys available for such purpose then held by the Trustee) plus any other payments due or to become due under the Agreement, including, without limitation, any unpaid fees and expenses of the Issuer and the Trustee which are then due or will become due prior to the time that the Bonds are paid in full and the trust established by the Indenture is terminated.

No remedy conferred upon or reserved to the Issuer or the Trustee in the Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy will be cumulative and will be in addition to every other remedy given under the Agreement or existing at law or in equity or by statute. No delay in exercising or omission to exercise any right or power accruing upon any default will impair any such right or power or will be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it by this Section, it will not be necessary to give any notice, other than such notice as may be expressly required by the Agreement. The Trustee, on behalf of the Bondholders, will be deemed a third-party beneficiary of all covenants and conditions contained in the Agreement.

In the event the Borrower should default under any of the provisions of the Agreement and the Issuer or the Trustee should employ attorneys or incur other expenses for the collection of the payments due under the Agreement or the Deed of Trust (if then in effect) or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained in the Agreement, the Deed of Trust (if then in effect), the Borrower agrees that it will on demand therefor pay to the Issuer or the Trustee the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Issuer and the Trustee.

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from DTC and none of the Issuer, the Borrower, or the Underwriter make any representation or warranty or take any responsibility for the accuracy or completeness of such information.

The Depository Trust Company (“**DTC**”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of each such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“**Beneficial Owner**”) is in turn to be recorded on the Direct Participants’ and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their beneficial ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial

ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (established by DTC and identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, redemption proceeds, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants or Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct Participants or Indirect Participants and not of DTC (nor its nominee), the Trustee, the Issuer, or the Borrower, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, redemption proceeds, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, the Issuer, or the Borrower, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct Participants and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer and the Borrower believe to be reliable, but neither the Issuer nor the Borrower takes responsibility for the accuracy thereof.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDER OF THE BONDS OR REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

The Issuer can make no assurances that DTC will distribute payments of principal of, redemption premium, if any, or interest on the Bonds to the Direct Participants, or that Direct Participants and Indirect Participants will distribute payments of principal of, redemption price, if any, or interest on the Bonds or redemption notices to the Beneficial Owners of such Bonds or that they will do so on a timely basis, or that DTC or any of its Direct Participants or Indirect Participants will act in a manner described in this Official Statement. The Issuer is not responsible or liable for the failure of DTC to make any payment to any Direct Participant or failure of any Direct Participant or Indirect Participant to give any notice or make any payment to a Beneficial Owner in respect to the Bonds or any error or delay relating thereto.

The rights of holders of beneficial interests in the Bonds and the manner of transferring or pledging those interests is subject to applicable state law. Holders of beneficial interests in the Bonds may want to discuss the manner of transferring or pledging their interest in the Bonds with their legal advisors.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bond certificates will be printed and delivered. Thereafter, the Bond certificates may be transferred and exchanged as described in the Indenture. See **Appendix C**.

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APPENDIX E

FORM OF BOND COUNSEL OPINION

July __, 2026

California Enterprise Development Authority
Sacramento, California

§ _____
California Enterprise Development Authority Revenue Bonds
(The Mirman School for Gifted Children Project)
Series 2026

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the California Enterprise Development Authority (the “Issuer”) of its Revenue Bonds (The Mirman School for Gifted Children Project) Series 2026 in the principal amount of \$ _____ (the “Bonds”), issued pursuant to the provisions of (i) Article 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State, as amended (the “Act”), (ii) an Indenture of Trust, dated as of July 1, 2026 (the “Indenture”), between the Issuer and Wilmington Trust, National Association, as trustee (the “Trustee”), and (iii) a resolution adopted by the Issuer on June 23, 2026 (the “Resolution”). The Bonds are issued for the purpose of making a loan of the proceeds thereof to The Mirman School for Gifted Children, a California nonprofit public benefit corporation (the “Borrower”) designated as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), for the purpose of financing the Project (as defined in the Indenture) pursuant to a Loan Agreement, dated as of July 1, 2026 (the “Loan Agreement”), between the Issuer and the Borrower. Terms not otherwise defined herein shall have the meanings ascribed to such terms in the Indenture.

In such connection, we have reviewed the Indenture, the Loan Agreement, the Resolution, and the Tax Regulatory Agreement, dated July __, 2026 (the “Tax Regulatory Agreement”), between the Issuer and the Borrower, certificates of the Issuer, the Trustee, the Borrower and others, and such other documents and matters to the extent deemed necessary by us to render the opinions set forth herein. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in such documents, and of the legal conclusions contained in the opinions referred to above, and we have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer.

Certain requirements, agreements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Regulatory Agreement, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to the effect of any such change that occurs or action that is taken on the validity of any Bond or the tax-exempt status of the interest thereon upon the advice or approval of bond counsel other than ourselves.

We are not passing upon title to or the description of the facilities or properties of the Borrower or the nature and extent of any liens thereon.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur. Our engagement with respect to the Bonds has concluded with their issuance and we disclaim any obligation to update this letter. We have assumed compliance with all covenants and agreements contained in the Indenture, the Loan Agreement and the Tax Regulatory Agreement, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions, or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Loan Agreement and the Tax Regulatory Agreement may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases. We also express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. Finally, we have undertaken no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion relating thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding special, limited obligations of the Issuer.
2. The Indenture has been duly and legally authorized, executed and delivered by, and constitutes the valid and binding obligation of, the Issuer, enforceable in accordance with its terms. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, including amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established pursuant to the Indenture, except the Rebate Fund, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Indenture also creates a valid assignment to the Trustee, for the benefit of the holders from time to time of the Bonds, of the right, title and interest of the Issuer in the Loan Agreement (to the extent and as more particularly described in the Indenture).
3. The Bonds are special, limited obligations of the Issuer and are not a lien or charge upon the funds or property of the Issuer or any member of the Issuer except to the extent of the aforementioned pledge and assignment. The Bonds are not a debt or liability of the State, any political subdivision of the State or any member of the Issuer. Neither the Issuer nor any member of the Issuer shall under any circumstances be obligated to pay the Bonds except from the revenues and other funds pledged therefor under the Indenture. None of the State, any political subdivision of the State or any member of the Issuer shall be obligated to pay the principal of, premium, if any, or interest on, the Bonds or other costs incident thereto except from the revenues and funds pledged therefor. Neither the faith and credit nor the taxing power of the State, any political subdivision of the State or any member of the Issuer is pledged to the payment of the principal of, premium, if any, or interest on, the Bonds. None of the State, any political subdivision of the State or any member of the Issuer is required to levy or pledge any form of taxation whatever or to make any appropriation for the payment of the Bonds. The Issuer has no taxing power.
4. Under existing laws, regulations, rulings and judicial decisions, interest (including original issue discount) on the Bonds is excludable from gross income for federal income tax purposes

and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations. The opinion set forth in this letter with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes is subject to the condition that the Issuer and the Borrower comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer and the Borrower have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

5. The interest on the Bonds is exempt from current State of California personal income taxes.

Very truly yours,

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “**Disclosure Agreement**”), dated as of July 1, 2026, is executed and delivered by and between The Mirman School for Gifted Children, a California nonprofit public benefit corporation (with its successors and assigns, the “**Borrower**”) and Wilmington Trust, National Association, as dissemination agent hereunder (with its successors and assigns, the “**Dissemination Agent**”) in connection with the issuance by the California Enterprise Development Authority (the “**Issuer**”) of its Revenue Bonds (The Mirman School for Gifted Children Project) Series 2026 (the “**Bonds**”). The Bonds are being issued pursuant to an Indenture of Trust dated as of July 1, 2026 (as amended, restated, supplemented, and otherwise modified from time to time, the “**Indenture**”) by and between the Issuer and Wilmington Trust, National Association, as trustee thereunder (with its successors and assigns, the “**Trustee**”). The proceeds of the Bonds are being loaned by the Issuer to the Borrower pursuant to a Loan Agreement dated as of July 1, 2026 (as amended, restated, supplemented, and otherwise modified from time to time, the “**Loan Agreement**”). Pursuant to the Loan Agreement, the Borrower has covenanted and agreed to provide the continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events.

Section 1. Purpose of Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Borrower for the benefit of the Registered Owners of the Bonds (for such purpose beneficial owners of the Bonds shall also be considered Registered Owners of the Bonds) and to assist Stifel, Nicolaus & Company, Incorporated (the “**Participating Underwriter**”), in complying with the Rule.

Section 2. Defined Terms. In addition to the definitions set forth in the Indenture or the Loan Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“**Annual Report**” shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Section 3 and Section 4 of this Disclosure Agreement.

“**Annual Reporting Date**” shall mean December 31 of each calendar year; provided, however, that if the Borrower shall change its fiscal year end to a date other than June 30, the Annual Reporting Date shall be 180 days after the last day of each fiscal year.

“**Beneficial Owner**” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories, or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“**Bonds**” means the Issuer’s Revenue Bonds (The Mirman School for Gifted Children Project) Series 2026.

“**Borrower**” means The Mirman School for Gifted Children, a California nonprofit public benefit corporation, and its permitted successors and assigns.

“**Disclosure Representative**” shall mean the Chief Financial Officer of the Borrower or such other officer, agent or employee as the Borrower shall designate in writing to the Dissemination Agent from time to time.

“**Dissemination Agent**” means Wilmington Trust, National Association, as dissemination agent under this Disclosure Agreement, its successors and assigns.

“**EMMA**” means the Electronic Municipal Market Access system operated by the MSRB and the primary portal for complying with the continuing disclosure requirements of the Rule as of the date hereof.

“**Event Notices**” means the notices required to be given by the Borrower pursuant to Section 5 of this Disclosure Agreement.

“**Financial Obligation**” means: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

“**Fiscal Year**” means the twelve-month accounting period used with respect to the operations of the Borrower, which as of the date hereof ends on June 30 of each year.

“**Indenture**” means the Indenture of Trust, dated as of July 1, 2026, between the Issuer and the Trustee, as amended, restated, supplemented, and otherwise modified from time to time.

“**Issuer**” means the California Enterprise Development Authority, its successors and assigns.

“**Listed Event**” means any of the events listed in Section 5(a) and Section 5(b).

“**MSRB**” means the Municipal Securities Rulemaking Board, its successors and assigns.

“**Participating Underwriter**” means Stifel, Nicolaus & Company, Incorporated, as original purchaser of the Bonds, its successors and assigns.

“**Official Statement**” means the Official Statement dated July ___, 2026, relating to the Bonds.

“**Repository**” means EMMA.

“**Rule**” means Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as amended or supplemented by the SEC from time to time.

“**SEC**” means the Securities and Exchange Commission, its successors and assigns.

“**Trustee**” means Wilmington Trust, National Association, its successors and assigns.

Section 3. Provision of Annual Reports.

(a) The Borrower shall provide, or shall cause the Dissemination Agent to provide, to the MSRB, not later than the Annual Reporting Date immediately succeeding the end of each Fiscal Year of the Borrower, commencing with the Fiscal Year ending June 30, 2026, an Annual Report for such Fiscal Year that is consistent with the requirements of Section 4. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the Borrower (and any information determined from the audited financial statement) may be submitted separately from the balance of the Annual Report and later than the applicable Annual Reporting Date if they are not available by that date. If the Borrower’s Fiscal Year changes, it shall give notice of such change in the

same manner as for a Listed Event under Section 5(d). The Annual Report shall identify the Bonds by name and CUSIP number, if available.

(b) The Borrower shall be responsible for the preparation of the Annual Report. Not later than five (5) Business Days prior to the applicable Annual Reporting Date, the Borrower shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Borrower to determine if the Borrower is or expects to be in compliance with the first sentence of subsection (a) above.

(c) The Dissemination Agent shall transmit the Annual Report to the MSRB in electronic format accompanied by identifying information as prescribed by the MSRB.

Section 4. Content of Annual Reports.

(a) The Annual Report shall be in a format suitable for filing with the MSRB and shall contain or include by reference the following:

(i) The annual financial statements of the Borrower for the applicable Fiscal Year, prepared in accordance with GAAP, audited if available;

(ii) A calculation of the Borrower's Debt Service Coverage Ratio for the applicable Fiscal Year and a calculation of the Borrower's Days Cash on Hand as of the last day of the applicable Fiscal Year; and

(iii) An update of the information of the type set forth in Appendix A to the Official Statement in the following tables:

- "ENROLLMENT AND ADMISSIONS –Applications, Acceptances, and Matriculations"
- "ENROLLMENT AND ADMISSIONS – Annual Enrollment by Grade"
- "TUITION & FINANCIAL AID – Historic Tuition Levels"
- "TUITION & FINANCIAL AID – Financial Aid Awards"

and the following information under the following headings:

- "FINANCIAL MATTERS – Investments and Endowment" (the information in the tables titled "Total Cash and Investments" and "Endowment Net Asset Composition"); and
- "ADVANCEMENT" (the information in the tables under such heading).

(b) Any or all of the items listed above may be included by specific reference to other documents, including any official statement, offering memorandum, or prospectus of debt issues for the benefit of the Borrower or related entities, which have been submitted to the MSRB. If the document included by reference is a final official statement or offering memorandum, it must be available from the MSRB. The Borrower shall clearly identify each such other document so included by reference. The Borrower is solely responsible for the content and format of the Annual Report, and the Dissemination

Agent shall have no liability or responsibility for content, format, accuracy, or completeness of such Annual Report.

(c) Any or all of the Annual Reports may be incorporated by reference from other documents, including official statements and offering memoranda, which have been submitted to the Repository. If the Annual Report information is changed or this Disclosure Agreement is amended in accordance with its terms, then the Borrower is to include in the next Annual Report to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

Section 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Borrower shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) non-payment related defaults;
 - (ii) modifications to rights of Bond holders;
 - (iii) Bond calls;
 - (iv) unless described in Section 5(b)(vii), other material notices or determinations with respect to the tax exempt status of any Bonds or other events affecting the tax exempt status of any Bonds;
 - (v) release, substitution or sale of property securing repayment of any Bonds;
 - (vi) the consummation of a merger, consolidation or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower (other than in the ordinary course of business) or the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions other than in accordance with its terms;
 - (vii) appointment of a successor or additional trustee or change in name of a trustee;
- or
- (viii) incurrence of a Financial Obligation of the Borrower, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Borrower, any of which affect security holders.

(b) Pursuant to the provisions of this Section 5, the Borrower shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

- (i) principal and interest payment delinquencies;
- (ii) defeasances;
- (iii) rating changes;
- (iv) unscheduled draws on debt service reserves reflecting financial difficulties;
- (v) unscheduled draws on any credit enhancements reflecting financial difficulties;

- (vi) substitution of credit or liquidity providers, or their failure to perform;
- (vii) adverse tax opinions affecting the tax exempt status of any Bonds, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB);
- (viii) tender offers;
- (ix) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Borrower, any of which reflect financial difficulties; and
- (ix) bankruptcy, insolvency, receivership or a similar proceeding by the Borrower.

For purposes of the event identified in clause (ix) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower.

(c) Upon the occurrence of a Listed Event specified in Section 5(a), the Borrower shall as soon as possible determine if such event would be material. The Dissemination Agent shall have no responsibility for such determination.

(d) If the Borrower has determined that the occurrence of a Listed Event specified in Section 5(a) would be material, or upon the occurrence of a Listed Event specified in Section 5(b), the Borrower shall notify the Dissemination Agent in writing within five business days or such lesser time period as is acceptable to the Dissemination Agent of the occurrence of such event in a format suitable for filing with the MSRB, with instructions to the Dissemination Agent to file a notice of the occurrence of such Listed Event pursuant to Section 5(e).

(e) If the Dissemination Agent has been instructed in writing by the Borrower to report the occurrence of a Listed Event and has received a notice of the occurrence in a format suitable for filing with the MSRB, the Dissemination Agent shall file such notice with the MSRB with a copy to the Participating Underwriter in a timely manner not in excess of ten business days after the occurrence of the event.

Section 6. Use of EMMA. Any filings required to be made with or notices to be given to the MSRB under this Disclosure Agreement shall be effected by sending the filing or notice to EMMA at www.emma.msrb.org in an electronic format accompanied by identifying information as prescribed by the MSRB, or to such other entity and in such other format as may be designated under the Rule. The Dissemination Agent agrees to comply with the provisions of EMMA in making such filings and giving such notices under this Disclosure Agreement.

Section 7. Termination of Reporting Obligation. The obligations of the Borrower and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, prepayment or payment in full of all of the Bonds. If such termination occurs prior to the

final maturity of the Bonds, the Borrower shall give notice of such termination in the same manner as for a Listed Event under Section 5(d) hereof.

Section 8. Failure to File. If the Borrower does not provide to the Dissemination Agent a copy of an Annual Report by the dates required above, the Dissemination Agent in a timely manner shall send a notice to the Borrower and the Participating Underwriter in substantially the form attached as Exhibit A. If the Borrower files any report directly with MSRB, the Borrower shall promptly provide the Dissemination Agent with a confirmation or documentation reasonably required by the Dissemination Agent confirming that the filing of such report was made in a timely manner on or before the date required herein (or if not as of such date, specifying the date of filing) and that such filing contained the information required by this Disclosure Agreement.

Section 9. Dissemination Agent. The Borrower may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Borrower pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Borrower shall be the Dissemination Agent. The initial Dissemination Agent shall be the Trustee. Any person succeeding to all or substantially all of the Trustee's corporate trust business shall be the successor to the Trustee hereunder without the execution or filing of any paper or any further act. The Dissemination Agent may resign its duties under this Disclosure Agreement upon 60 days prior written notice to the Borrower.

Section 10. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person (determined in accordance with the Rule) with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original execution and delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The proposed amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel or another party unaffiliated with the Borrower, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Borrower shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, notice of such change shall be given in the same manner as for a Listed Event under Section 5(d).

Section 11. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Borrower shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 12. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent (at the written direction of the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding and upon being indemnified to its satisfaction therefor, shall, or the Participating Underwriter or any Holder of Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Bonds, the Indenture, the Loan Agreement or any other related document and the sole remedy under this Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance. The Dissemination Agent shall not be required to take any action whatsoever to cause the Borrower to comply with its obligations under this Dissemination Agreement other than those specifically set forth in Section 3 and Section 6 hereof.

Section 13. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically and expressly set forth in this Disclosure Agreement, and no implied covenants or obligations of the Dissemination Agent shall arise in this Disclosure Agreement. The Borrower agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, fees, expenses and liabilities which it may incur arising out of the disclosure of information pursuant to this Disclosure Agreement or arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct, as the case may be. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent, termination of this Disclosure Agreement and payment of the Bonds. The Dissemination Agent shall have no liability for the Borrower's failure to report any event or any financial information or operating data as to which the Borrower has not provided an information report in format suitable for filing with the MSRB. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in a fiduciary capacity. The obligations of the Borrower under this Section shall survive resignation of the Dissemination Agent or the termination of this Dissemination Agreement. The Dissemination Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Dissemination Agent by the Disclosure Representative and conforming to the requirements of this Disclosure Agreement. In the case of any Annual Reports or description of any Listed Events, or any opinions which by any provision hereof are specifically required to be furnished to the Dissemination Agent, the Dissemination Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Disclosure Agreement, but shall be under no duty to verify independently or investigate the accuracy or completeness of any information contained therein or the correctness of any opinion furnished hereunder. No provision of this Disclosure Agreement shall require the Dissemination Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any

Section 18. Choice of Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of California, provided that to the extent this Disclosure Agreement addresses matters of federal securities laws, including the Rule, this Disclosure Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 19. Severability. If any portion of this Disclosure Agreement shall be held invalid or inoperative, then, so far as is reasonable and possible (i) the remainder of this Disclosure Agreement shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion held invalid or inoperative.

Section 20. Other Instruments. The Borrower and the Dissemination Agent covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out this Disclosure Agreement.

Section 21. Captions, Titles, and Headings. The captions, titles, and headings used in this Disclosure Agreement are for convenience only and shall not be construed in interpreting this Disclosure Agreement.

Section 22. Entire Agreement. This Disclosure Agreement contains the entire understanding among the parties and supersedes any prior understandings or written or oral agreements between them respecting the subject matter of this Disclosure Agreement.

IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this Continuing Disclosure Agreement as of the date first written above.

**WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Dissemination Agent**

By: _____
Authorized Officer

**THE MIRMAN SCHOOL FOR GIFTED
CHILDREN, a California nonprofit public
benefit corporation**

By: _____
Chief Financial Officer

EXHIBIT A

**NOTICE TO REPOSITORY OF FAILURE TO
FILE ANNUAL REPORT**

Name of Issuer: California Enterprise Development Authority
Name of Bond Issues: California Enterprise Development Authority (The Mirman School for Gifted Children Project) Series 2026
Dissemination Agent: Wilmington Trust, National Association
Name of Borrower: The Mirman School for Gifted Children
Date of Issuance: July __, 2026

NOTICE IS HEREBY GIVEN that the Borrower has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of July 1, 2026, between the undersigned Dissemination Agent and the Borrower. The Borrower anticipates that the Annual Report will be filed by _____.

Dated: _____

**WILMINGTON TRUST, NATIONAL
ASSOCIATION**, as Dissemination Agent

By: _____
Authorized Officer

cc: Stifel, Nicolaus & Company, Incorporated



Mirman School



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