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UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA, SACRAMENTO DIVISION

In re Highlands Community Charter and Technical Schools, Debtor and Debtor in Possession.[1]	Case No. 26-25868 Chapter 11 **DCN: SMR-4** Judge: Hon. [●] Date: [●], 2026 Time: [●] Place: [●]

DECLARATION OF JONATHAN RAYMOND IN SUPPORT OF DEBTOR'S EMERGENCY MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING THE DEBTOR TO (A) MAINTAIN EXISTING BANK ACCOUNTS; (B) CONTINUE USE OF CASH MANAGEMENT SYSTEM; (C) CONTINUE USE OF BUSINESS FORMS; AND (D) HONOR CERTAIN PREPETITION OBLIGATIONS RELATED THERETO; AND (II) WAIVING REQUIREMENTS OF LBR 2015-2; (III) GRANTING LIMITED WAIVER OF SECTION 345(b) DEPOSIT REQUIREMENTS; AND (IV) GRANTING RELATED RELIEF

[1] The last four digits of the Debtor's federal tax identification number is 0967. The mailing address for the Debtor is 1111 Howe Ave., Suite 505, Sacramento, CA 95825.

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I, Jonathan Raymond, hereby declare as follows:

1. I am the Executive Director of Highlands Community Charter and Technical Schools ("HCCTS" or the "Debtor"), a non-profit public benefit corporation organized under the laws of the State of California, and the above-captioned debtor and debtor-in-possession in this voluntary chapter 11 case (the "Chapter 11 Case") filed on the date hereof (the "Petition Date") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). I submit this declaration (this "Declaration") in support of the *Debtor's Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to (A) Maintain Existing Bank Accounts, (B) Continue Use of Cash Management System, (C) Continue Use of Business Forms, and (D) Honor Certain Prepetition Obligations Related Thereto; (II) Waiving Requirements of LBR 2015-1; (III) Granting Limited Waiver of Section 345(b) Deposit Requirements; and (IV) Granting Related Relief* (the "Motion"). The Motion seeks entry of orders, substantially in the form attached to the Exhibit List as **Exhibit A** and **Exhibit B** (the "Interim Order" and the "Final Order," respectively) filed concurrently herewith: (i) authorizing the Debtor to (a) maintain existing bank accounts; (b) continue use of cash management system; (c) continue use of business forms; and (d) honor certain prepetition obligations related thereto; (ii) waiving requirements of LBR 2015-2; (iii) granting limited waiver of Section 345(b) deposit requirements; (iv) scheduling a final hearing; and (v) granting related relief. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

2. Except as otherwise indicated, all facts in this Declaration are based upon my personal knowledge, my discussions with others in the Debtor's management team and the Debtor's advisors, my review of relevant documents and information concerning the Debtor's operations, financial affairs, and restructuring initiatives, or my opinions based upon my experience and knowledge. The documents referenced herein, or otherwise relied upon for purposes of this Declaration, are business records of the Debtor, prepared and kept in the ordinary course of the regularly conducted business activities of the Debtor and used by me for those purposes. I am over the age of eighteen and authorized to submit this Declaration on behalf of the

Debtor. If called upon as a witness, I could and would testify competently to the facts set forth in this Declaration.

A. General Background

3. The Debtor filed the Chapter 11 Case on the Petition Date under chapter 11 of the Bankruptcy Code. The Debtor is operating its business and managing its properties as a debtor in possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in this Chapter 11 Case, and no committees have been appointed or designated.

4. The Debtor is a 501(c)(3) non-profit public benefit corporation that owns, manages and operates two adult-serving charter schools in Sacramento County: Highlands Community Charter School ("HCCS") and California Innovative Career Academy ("CICA" and, together with HCCS, the "Schools"). The Twin Rivers Unified School District ("Twin Rivers") issued the current charters (the "Charters") for both HCCS and CICA, and since opening in August 2014, HCCTS has served approximately 60,000 students. The Debtor is exempt from certain federal income taxation as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986. A more detailed description of the Debtor, including its current and historical business operations and the events precipitating the Chapter 11 Case, are set forth in the *Declaration of Jonathan Raymond in Support of Chapter 11 Petition and First Day Motions* (the "First Day Declaration"), which is incorporated herein by reference.

B. Overview of the Cash Management System

5. I am familiar with the Debtor's operations, which require the collection, payment, and transfer of funds through its bank accounts. In the ordinary course of business, the Debtor operates a centralized cash management system (the "Cash Management System") to collect, transfer, and disburse funds generated through the Debtor's operations and accurately records such collections, transfers, and disbursements as they are made.

6. In my view, the Cash Management System is essential to the Debtor's ordinary, usual, and necessary operating practices. The Cash Management System is straightforward and designed to support the Debtor's educational operations. The Cash Management System also

provides numerous benefits, including the ability to (a) quickly create status reports on the location and amount of funds, thereby allowing management to track and control the Debtor's funds, (b) ensure cash availability and prompt payment of employee, vendor, and other operating expenses, and (c) reduce administrative costs by facilitating the efficient movement of funds. Without the continued use of its existing Cash Management System, I believe the Debtor would be unable to continue its operations during this Chapter 11 Case without significant disruption.

C. The Bank Accounts

7. I am informed that the Debtor's Cash Management System is currently comprised of three (3) bank accounts (collectively, and together with any other bank accounts the Debtor may open in the ordinary course of business, the "Bank Accounts"). The Debtor maintains its Bank Accounts at a single financial institution, East West Bank ("East West Bank" or the "Bank"). The Bank Accounts are owned and controlled by the Debtor and are held in the name of Highlands Community Charter and Technical Schools. After the Petition Date, the Debtor intends to open a fourth account with East West Bank to hold the adequate assurance deposit required pursuant to the Debtor's first-day utilities motion, as further described below. Each of the Bank Accounts, together with the account the Debtor intends to open following the Petition Date, is listed in the following chart and described in further detail below:

Account No. (last four digits)	Bank	Type of Account	Function
**6413*	East West Bank	Commercial Checking	Main operating account
**6421*	East West Bank	Commercial Checking	FSA account
**4082*	East West Bank	IntraFi Cash Service Account	Interest-bearing reserve account
—	East West Bank	Commercial Checking	Adequate assurance deposit account (to be opened after the Petition Date)

8. Operating Account. The Debtor maintains a commercial checking account at East West Bank (account number ending in 6413) (the "Operating Account"), which serves as the Debtor's primary operating account. The Operating Account is the central account through which substantially all of the Debtor's receipts are deposited and from which all disbursements are made. The Debtor receives funds into the Operating Account primarily through government education funding remittances from state and local agencies, including apportionment payments and other

program-related revenues. All of the Debtor's disbursements are made from the Operating Account, including payments to vendors and other parties, payroll-related disbursements (which are processed through the Debtor's third-party payroll provider, Paylocity), and other ordinary course operating expenses, via ACH and check.

9. FSA Account. The Debtor maintains a commercial checking account at East West Bank (account number ending in 6421) that is used in connection with the Debtor's employee flexible spending account ("FSA") program (the "FSA Account"). The FSA Account is administered through a third-party benefits provider and is used to process employee FSA contributions and reimbursements. In the ordinary course of business, activity in the FSA Account is limited to FSA-related debits and credits, including periodic transfers between the FSA Account and the Operating Account in connection with the funding and reimbursement cycle of the Debtor's FSA program.

10. ICS Account. The Debtor maintains an interest-bearing reserve account at East West Bank (account number ending in 4082) through the IntraFi Cash Service Program (the "ICS Account"). Funds held in the ICS Account are invested by East West Bank, as the Debtor's agent and custodian, in guaranteed money market instruments. Funds held in the ICS Account are accessible on a daily basis and are placed through IntraFi's network of FDIC-insured institutions, providing pass-through FDIC insurance coverage for the full balance of the ICS Account. In the ordinary course of business, activity in the ICS Account is limited to the accrual and receipt of interest income and periodic transfers to or from the Operating Account as needed to fund the Debtor's operations.

11. Adequate Assurance Account. Soon after the Petition Date, the Debtor intends to open a fourth account with East West Bank (the "Adequate Assurance Account"). The Debtor intends to use this account to hold the adequate assurance deposit required pursuant to the Debtor's first-day utilities motion. For the avoidance of doubt, the Adequate Assurance Account has not yet been opened or funded.

D. The Bank Fees

12. I am informed that the Debtor incurs certain fees and charges in connection with the ordinary course operation of the Cash Management System, including, without limitation, those fees specified in the prepetition agreements entered into between the Debtor and the Bank (collectively, the "Bank Fees"). The Bank Fees include account maintenance charges, charges relating to ACH and wire transfers, and other customary miscellaneous charges. The Debtor does not incur any regularly charged or scheduled Bank Fees, rather, Bank Fees are charged by the Bank as incurred. In the ordinary course of business, the Bank charges the Debtor and deducts from the appropriate Bank Accounts certain service charges, and other fees, costs, and expenses.

13. As of the Petition Date, to my knowledge, the Debtor does not owe any accrued Bank Fees.

E. The Debtor's Existing Business Forms

14. In the ordinary course of business, the Debtor uses a variety of preprinted business forms in connection with its Cash Management System, including, without limitation, letterhead, purchase orders, invoices, and checks (collectively, the "Business Forms"). I am informed that, absent relief from the Court, the Debtor would be required by the United States Trustee (the "U.S. Trustee") under the *U.S. Trustee's Operating Guidelines for Chapter 11 Cases* (the "U.S. Trustee Guidelines") to incur the expense and delay of ordering entirely new business forms referencing the Debtor's status as a debtor-in-possession. In my view, parties in interest will not be prejudiced if the Debtor continues using its pre-existing Business Forms because parties doing business with the Debtor will likely be aware of its status as a debtor-in-possession. To the extent the Debtor exhausts its existing supply of checks, the Debtor will reissue checks with the designation "Debtor-in-Possession" and the corresponding case number.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed this 4th day of October, 2026, at Sacramento, California.

Signed by:
Jonathan Raymond
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Jonathan Raymond