

**BRICK BUFFALO ACADEMY CHARTER SCHOOL**

**BUFFALO, NEW YORK**

**AUDITED FINANCIAL STATEMENTS**

**OTHER FINANCIAL INFORMATION**

**REPORT REQUIRED BY GOVERNMENT  
AUDITING STANDARDS**

**AND**

**INDEPENDENT AUDITOR'S REPORTS**

**JUNE 30, 2025**

**(With Comparative Totals for 2024)**



BUSINESS  
ADVISORS  
AND CPAS

## CONTENTS

| <u>AUDITED FINANCIAL STATEMENTS</u>   | <u>PAGE</u> |
|---|-------------|
| Independent Auditor's Report  | 3           |
| Statement of Financial Position   | 5           |
| Statement of Activities and Changes in Net (Deficiency) Assets  | 6           |
| Statement of Functional Expenses  | 7           |
| Statement of Cash Flows   | 8           |
| Notes to Financial Statements   | 10          |
| <br><u>OTHER FINANCIAL INFORMATION</u>  |             |
| Independent Auditor's Report on Other Financial Information   | 22          |
| Schedule of Activities for the year ended June 30, 2025 and 2024<br>and the period from January 3, 2023 (date of inception) to June 30, 2023<br>and the period from January 3, 2023 (date of inception) to June 30, 2024        | 23          |
| <br><u>REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS</u>   |             |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on<br>Compliance and Other Matters Based on an Audit of Financial Statements<br>Performed in Accordance with <i>Government Auditing Standards</i> | 25          |
| Schedule of Findings and Responses  | 27          |



BUSINESS  
ADVISORS  
AND CPAS

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
BRICK Buffalo Academy Charter School

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of BRICK Buffalo Academy Charter School, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net (deficiency) assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 BRICK Buffalo Academy Charter School's ability to continue as a going concern for 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 BRICK Buffalo Academy Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about BRICK Buffalo Academy Charter School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Report on Summarized Comparative Information***

We have previously audited BRICK Buffalo Academy Charter School's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 30, 2024. In our opinion, the summarized comparative information presented herein as of June 30, 2024 and for the period from January 3, 2023 (date of inception) to June 30, 2024, is consistent, in all material respects, with the audited financial statements which is has been derived.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2025 on our consideration of BRICK Buffalo Academy Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BRICK Buffalo Academy Charter School's internal control over financial reporting and compliance.

*Mengel, Metzger, Baw & Co. LLP*

Rochester, New York  
October 30, 2025

BRICK BUFFALO ACADEMY CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

(With Comparative Totals for 2024)

| <u>ASSETS</u>                                  | <u>June 30,</u>     |                     |
|--|---------------------|---------------------|
|  | <u>2025</u>         | <u>2024</u>         |
| <u>CURRENT ASSETS</u>                          |                     |                     |
| Cash   | \$ -                | \$ 18,281           |
| Grants and other receivables                   | 54,839              | 418,723             |
| Prepaid expenses                               | -                   | 1,446               |
| Due from Charter Management Organization       | -                   | 106,758             |
| TOTAL CURRENT ASSETS                           | <u>54,839</u>       | <u>545,208</u>      |
| <u>PROPERTY AND EQUIPMENT, net</u>             | 733,867             | 992,348             |
| <u>OTHER ASSETS</u>                            |                     |                     |
| Deposit  | 2,290               | 2,290               |
| Right-of-use-asset - finance                   | 10,201              | 13,509              |
| Right-of-use-asset - operating                 | 727,435             | 951,979             |
| TOTAL ASSETS                                   | <u>\$ 1,528,632</u> | <u>\$ 2,505,334</u> |
| <u>LIABILITIES AND NET (DEFICIENCY) ASSETS</u> |                     |                     |
| <u>CURRENT LIABILITIES</u>                     |                     |                     |
| Accounts payable and accrued expenses          | \$ 492,027          | \$ 645,193          |
| Bank overdraft                                 | 13,990              | -                   |
| Due to Charter Management Organization         | 298,495             | 662,255             |
| Accrued payroll and benefits                   | 12,686              | 13,673              |
| Current portion of lease liability - finance   | 3,289               | 3,145               |
| Current portion of lease liability - operating | 221,532             | 164,525             |
| TOTAL CURRENT LIABILITIES                      | <u>1,042,019</u>    | <u>1,488,791</u>    |
| <u>OTHER LIABILITIES</u>                       |                     |                     |
| Long-term lease liability - finance            | 7,345               | 10,635              |
| Long-term lease liability - operating          | 690,946             | 912,478             |
| TOTAL LIABILITIES                              | <u>1,740,310</u>    | <u>2,411,904</u>    |
| <u>NET (DEFICIENCY) ASSETS</u>                 |                     |                     |
| Without donor restrictions                     | <u>(211,678)</u>    | <u>93,430</u>       |
| TOTAL LIABILITIES AND NET (DEFICIENCY) ASSETS  | <u>\$ 1,528,632</u> | <u>\$ 2,505,334</u> |

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

BRICK BUFFALO ACADEMY CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET (DEFICIENCY) ASSETS

YEAR ENDED JUNE 30, 2025  
(With Comparative Totals for 2024)

|   | <u>Year ended<br/>June 30,<br/>2025</u> | <u>Period from<br/>3-Jan-23<br/>(date of<br/>inception) to<br/>June 30,<br/>2024</u> |
|---|---|--|
| Revenue, gains, and other support:        |   |  |
| Public school district                    |   |  |
| Resident student enrollment               | \$ 917,567                              | \$ 685,710   |
| Students with disabilities                | 68,976                                  | 33,643   |
| Grants and contracts                      |   |  |
| Federal - Title                           | 53,934                                  | 36,028   |
| Federal - Other                           | 76,000                                  | 1,250,002  |
| TOTAL REVENUE, GAINS<br>AND OTHER SUPPORT | 1,116,477                               | 2,005,383  |
| Expenses:                                 |   |  |
| Program services:                         |   |  |
| Regular education                         | 1,329,877                               | 1,580,093  |
| Special education                         | 206,525                                 | 224,816  |
| TOTAL PROGRAM SERVICES                    | 1,536,402                               | 1,804,909  |
| Management and general                    | 385,183                                 | 507,044  |
| TOTAL OPERATING EXPENSES                  | 1,921,585                               | 2,311,953  |
| DEFICIT FROM SCHOOL OPERATIONS            | (805,108)                               | (306,570)  |
| Support and other revenue:                |   |  |
| Contributions:                            |   |  |
| Corporations                              | 500,000                                 | 400,000  |
| TOTAL SUPPORT AND OTHER REVENUE           | 500,000                                 | 400,000  |
| CHANGE IN NET (DEFICIENCY) ASSETS         | (305,108)                               | 93,430   |
| Net assets at beginning of YEAR           | 93,430                                  | -  |
| NET (DEFICIENCY) ASSETS AT END OF YEAR    | \$ (211,678)                            | \$ 93,430  |

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

BRICK BUFFALO ACADEMY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2025  
(With Comparative Totals for 2024)

|   | Year ended June 30, 2025 |                      |                      |                     |                              |                     | Period from<br>January 3, 2023<br>(date of<br>inception) to<br>June 30, 2024 |
|---|--------------------------|----------------------|----------------------|---------------------|------------------------------|---------------------|--|
|   | Number of<br>positions   | Program Services     |                      |                     | Supporting<br>Services       | Total               | Total  |
|   |                          | Regular<br>Education | Special<br>Education | Sub-total           | Management<br>and<br>general |                     |  |
| Personnel services costs:                               |                          |                      |                      |                     |                              |                     |  |
| Administrative staff personnel                          | 4                        | \$ 87,157            | \$ 26,026            | \$ 113,183          | \$ 147,078                   | \$ 260,261          | \$ 430,207   |
| Instructional personnel                                 | 9                        | 505,703              | 67,752               | 573,455             | -                            | 573,455             | 421,718  |
| <b>TOTAL PERSONNEL SERVICES COST</b>                    | 13                       | 592,860              | 93,778               | 686,638             | 147,078                      | 833,716             | 851,925  |
| Fringe benefits & payroll taxes                         |                          | 103,523              | 16,375               | 119,898             | 25,681                       | 145,579             | 196,893  |
| Retirement  |                          | 12,636               | 1,999                | 14,635              | 3,135                        | 17,770              | -  |
| Legal services  |                          | -                    | -                    | -                   | 5,635                        | 5,635               | 8,102  |
| Accounting / audit services                             |                          | -                    | -                    | -                   | 30,000                       | 30,000              | 65,500   |
| Other purchased / professional /<br>consulting services |                          | 13,348               | 2,111                | 15,459              | 62,228                       | 77,687              | 279,197  |
| Building and land rent                                  |                          | 184,895              | 29,246               | 214,141             | 45,869                       | 260,010             | 359,195  |
| Repairs and maintenance                                 |                          | 26,858               | 4,248                | 31,106              | 6,663                        | 37,769              | 29,700   |
| Insurance   |                          | 1,028                | 163                  | 1,191               | 255                          | 1,446               | 15,903   |
| Utilities   |                          | 30,033               | 4,751                | 34,784              | 7,451                        | 42,235              | 23,965   |
| Supplies / materials                                    |                          | 102,901              | 13,786               | 116,687             | -                            | 116,687             | 84,444   |
| Equipment and furnishings                               |                          | 4,247                | 672                  | 4,919               | 1,054                        | 5,973               | 25,318   |
| Staff development                                       |                          | 585                  | 78                   | 663                 | -                            | 663                 | 4,260  |
| Marketing / recruitment                                 |                          | 45,422               | 6,085                | 51,507              | -                            | 51,507              | 133,933  |
| Technology  |                          | 1,440                | 228                  | 1,668               | 357                          | 2,025               | 26,519   |
| Student services  |                          | 9,463                | 1,268                | 10,731              | -                            | 10,731              | 8,044  |
| Office expense  |                          | 4,011                | 634                  | 4,645               | 995                          | 5,640               | 69,354   |
| Depreciation and amortization                           |                          | 195,479              | 30,921               | 226,400             | 48,495                       | 274,895             | 117,736  |
| Other   |                          | 1,148                | 182                  | 1,330               | 287                          | 1,617               | 11,965   |
|   |                          | <u>\$ 1,329,877</u>  | <u>\$ 206,525</u>    | <u>\$ 1,536,402</u> | <u>\$ 385,183</u>            | <u>\$ 1,921,585</u> | <u>\$ 2,311,953</u>  |

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

BRICK BUFFALO ACADEMY CHARTER SCHOOL

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2025  
(With Comparative Totals for 2024)

|  | Year ended<br>June 30,<br>2025 | Period from<br>January 3,<br>2023 (date of<br>inception) to<br>June 30, 2024 |
|--|--------------------------------|--|
| <u>CASH FLOWS - OPERATING ACTIVITIES</u>   |                                |  |
| Change in net (deficiency) assets  | \$ (305,108)                   | \$ 93,430  |
| Adjustments to reconcile change in net (deficiency) assets to net cash<br>(used for) provided from operating activities: |                                |  |
| Depreciation and amortization  | 274,894                        | 117,736  |
| Changes in certain assets and liabilities affecting operations:  |                                |  |
| Grants and other receivables   | 363,884                        | (418,723)  |
| Due from Charter Management Organization   | 106,758                        | (106,758)  |
| Prepaid expenses   | 1,446                          | (1,446)  |
| Accounts payable and accrued expenses  | (153,166)                      | 269,980  |
| Due to related party   | -                              | 29,679   |
| Due to Charter Management Organization   | (363,760)                      | 632,576  |
| Accrued payroll and benefits   | (987)                          | 13,673   |
| Deposit  | -                              | (2,290)  |
| Operating lease liability, net of right-of-use asset   | <u>60,019</u>                  | <u>125,024</u>   |
| NET CASH (USED FOR) PROVIDED FROM<br>OPERATING ACTIVITIES  | (16,020)                       | 752,881  |
| <u>CASH FLOWS - INVESTING ACTIVITIES</u>   |                                |  |
| Purchases of property and equipment  | <u>(13,106)</u>                | <u>(731,838)</u>   |
| NET CASH USED FOR<br>INVESTING ACTIVITIES  | (13,106)                       | (731,838)  |
| <u>CASH FLOWS - FINANCING ACTIVITIES</u>   |                                |  |
| Repayments on finance lease  | (3,145)                        | (2,762)  |
| Bank overdraft   | <u>13,990</u>                  | <u>-</u>   |
| NET CASH PROVIDED FROM (USED FOR)<br>FINANCING ACTIVITIES  | <u>10,845</u>                  | <u>(2,762)</u>   |
| NET (DECREASE) INCREASE IN CASH  | (18,281)                       | 18,281   |
| Cash at beginning of year  | <u>18,281</u>                  | <u>-</u>   |
| CASH AT END OF YEAR  | <u>\$ -</u>                    | <u>\$ 18,281</u>   |

BRICK BUFFALO ACADEMY CHARTER SCHOOL

STATEMENT OF CASH FLOWS, Cont'd

YEAR ENDED JUNE 30, 2025  
(With Comparative Totals for 2024)

|  | Year ended<br>June 30,<br>2025 | Period from<br>January 3,<br>2023 (date of<br>inception) to<br>June 30,<br>2024 |
|--|--------------------------------|---|
| <u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>                                  |                                |   |
| Cash paid for interest   | \$ 555                         | \$ 630  |
| <u>NON-CASH OPERATING, INVESTING AND FINANCE ACTIVITIES</u>                              |                                |   |
| Purchases of property and equipment included in accounts payable<br>and accrued expenses | \$ -                           | \$ 375,213  |
| Right-of-use asset obtained in exchange for new operating lease liability                | \$ -                           | \$ 1,209,102  |
| Right-of-use asset obtained in exchange for new finance lease liability                  | \$ -                           | \$ 16,542   |

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

BRICK BUFFALO ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025  
(With Comparative Totals for 2024)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter School

BRICK Buffalo Academy Charter School (the “Charter School”) is an educational corporation that operates as a charter school in Buffalo, New York. On January 3, 2023, the Board of Regents of the University of the State of New York granted the Charter School a provisional charter valid for a term of five years through June 30, 2028 and renewable upon expiration.

The Charter School seeks to graduate a community of learners who will contribute positively to the global society and embrace their role as architects in building a just and better world. The Charter School provides a rigorous, inclusive and culturally responsive curriculum that challenges students academically and builds their social emotional competencies.

Basis of accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Classification of net assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Charter School, the accounts of the Charter School are maintained in accordance with the principles of accounting for not-for-profit organizations. This is the procedure by which resources are classified for reporting purposes into net asset groups, established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by net asset group.

The assets, liabilities, activities, and net assets are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions*

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Trustees has discretionary control to use these in carrying on operations in accordance with the guidelines established by the Charter School.

*Net Assets With Donor Restrictions*

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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 Charter School had no net assets with donor restrictions at June 30, 2025 and 2024, respectively.

BRICK BUFFALO ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2025  
(With Comparative Totals for 2024)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Revenue recognition

Revenue from Exchange Transactions: The Charter School recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Charter School's State and local per pupil operating revenue qualifies as exchange transactions and the revenues are recognized over time.

The Charter School records substantially all revenues over time as follows:

State and local per pupil revenue

The Charter School recognizes revenue as educational programming is provided to students throughout the year. The Charter School earns state and local per pupil revenue based on the approved per pupil tuition rate of the public school district in which the pupil resides. The amount received each year from the resident district is the product of the approved per pupil tuition rate and the full-time equivalent student enrollment of the School. Each NYS school district has a fixed per pupil tuition rate which is calculated annually by NYSED in accordance with NYS Education Law. Amounts are billed in advance every other month and payments are typically received in six installments during the year. At the end of each school year, a reconciliation of actual enrollment to billed enrollment is performed and any additional amounts due or excess funds received are agreed upon between the Charter School and the district and are paid or recouped. Additional funding is available for students requiring special education services. The amount of additional funding is dependent upon the length of time and types of services provided by the Charter School to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

The following table summarizes contract balances at their respective statement of financial position dates:

|                              | June 30,  |           |
|------------------------------|-----------|-----------|
|                              | 2025      | 2024      |
| Grants and other receivables | \$ 10,141 | \$ 29,778 |

Contributions

The Charter School recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Contributions and unconditional promises to give are recorded as revenue in the appropriate class of net assets depending on the existence of any donor restrictions. A contribution that is received and expended in the same period for a specific purpose is classified as revenue without donor restrictions.

BRICK BUFFALO ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2025  
(With Comparative Totals for 2024)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes to net assets as net assets released from restrictions.

Grant revenue

Some of the Charter School's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Charter School has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position. There were no revenues deferred at June 30, 2025 and 2024.

Cash

Cash balances are maintained at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash.

Cash in escrow

The Charter School is required to maintain cash in an escrow account in accordance with the terms of its charter agreement. The agreement requires \$25,000 be placed in escrow each of the first three years of operations and a balance of \$75,000 be maintained to fund any audit and legal expenses incurred should the Charter School cease operations and dissolve. The Charter School has not funded its escrow account as of the report date.

Grants and other receivables

At each fiscal year end, the Charter School evaluates the need for an expected allowance for credit losses for all outstanding balances that fall under ASU 2014-09. As necessary, the allowance for credit losses is updated at fiscal year-end to reflect any changes in credit risk since the receivable was initially recorded. The allowance for credit losses is calculated on a pooled basis where similar risk characteristics exist.

The Charter School uses historical loss data as a starting point to estimate expected credit losses, given consistent revenue sources since its inception. There were no write-offs for the years ended June 30, 2025 and 2024.

Due to related party

The Charter School has an amount due to another organization that is in the same network. Services are shared and the Charter School reimburses the related party for these expenses. The amounts due to the related party were \$26,079 and \$29,679 at June 30, 2025 and 2024, respectively.

BRICK BUFFALO ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2025  
(With Comparative Totals for 2024)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from five to eight years. Leasehold improvements are being amortized over the lesser of their useful life or remaining term of the lease. Major renewals and betterments are capitalized, while repairs and maintenance are charged to operations as incurred. Upon sale or retirement, the related cost and allowances for depreciation are removed from the accounts and the related gain or loss is reflected in operations.

Contributed services

The Charter School receives contributed services from volunteers to serve on the Board of Trustees. These services are not valued in the financial statements because they do not require “specialized skills” and would typically not be purchased if they were not contributed. In addition, the Charter School received transportation services, speech, occupational therapy, and food services from the local district.

Marketing and recruiting costs

The Charter School expenses marketing and recruiting costs as they are incurred. Total marketing and recruiting costs approximated \$51,500 for the year ended June 30, 2025 and \$133,900 for the period from January 3, 2023 (date of inception) to June 30, 2024.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets 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.

Tax exempt status

The Charter School is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, is exempt from federal and state taxes on income.

The Charter School files tax returns in various jurisdictions and is subject to potential examination by taxing authorities. The Charter School’s current and prior years’ tax returns remains subject to review by taxing authorities. Management of the Charter School believes it has no material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits.

Leases

The Charter School leases its school facility and equipment and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, current liabilities, and other liabilities on the accompanying statement of financial position. Finance leases are included in finance right-of-use asset, current liabilities, and other liabilities on the accompanying statement of financial position.

BRICK BUFFALO ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2025  
(With Comparative Totals for 2024)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

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

Lease expense for operating lease payments is recognized on a straight-line basis over the lease term, and for finance leases, as amortization expense and interest expense.

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

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

The Charter School had elected to apply the short-term lease exemption to one of the classes of underlying assets: school facility. During the period from January 3, 2023 (date of inception) to June 30, 2024, the Charter School had two leases within this class of underlying assets that qualify for the exemption. The short-term lease cost recognized during the period from January 3, 2023 (date of inception) to June 30, 2024 was approximately \$34,200. The Charter School did not have any short-term leases during the year ended June 30, 2025.

Functional allocation of expenses

The costs of programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications

Certain prior period amounts have been reclassified to conform with current year presentation.

Comparatives for year ended June 30, 2025

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional 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 Charter School's financial statements for the year ended June 30, 2025, from which the summarized information was derived.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 30, 2025, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

BRICK BUFFALO ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2025  
(With Comparative Totals for 2024)

NOTE B: LIQUIDITY AND AVAILABILITY

The Charter School regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Charter School's main source of liquidity is its cash and grants and other receivables accounts.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Charter School considers all expenditures related to its ongoing activities of teaching, and public service as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Charter School anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Charter School's cash.

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

|  | <u>June 30,</u>  |                   |
|--|------------------|-------------------|
|  | <u>2025</u>      | <u>2024</u>       |
| Cash   | \$ -             | \$ 18,281         |
| Grants and other receivables   | 54,839           | 418,723           |
| Due from Charter Management Organization   | <u>-</u>         | <u>106,758</u>    |
| Total financial assets available to management<br>for general expenditures within one year | <u>\$ 54,839</u> | <u>\$ 543,762</u> |

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

|  | <u>June 30,</u>   |                   |
|--|-------------------|-------------------|
|  | <u>2025</u>       | <u>2024</u>       |
| Furniture and fixtures                         | \$ 30,445         | \$ 30,445         |
| Computers and equipment                        | 88,573            | 75,466            |
| Leasehold improvements                         | <u>1,001,139</u>  | <u>1,001,140</u>  |
|  | 1,120,157         | 1,107,051         |
| Less accumulated depreciation and amortization | <u>(386,290)</u>  | <u>(114,703)</u>  |
|  | <u>\$ 733,867</u> | <u>\$ 992,348</u> |

BRICK BUFFALO ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2025  
(With Comparative Totals for 2024)

NOTE D: LEASES

In March 2023, the Charter School entered into an operating lease for its facility. The lease has an effective date of April 1, 2023 and is set to expire on June 30, 2028. There are two consecutive options to renew the terms of the five-year lease. The monthly base rent beginning April 1, 2023, was \$16,667 and will escalate annually in accordance with the lease agreement. The monthly rent for the year ending June 30, 2026 is approximately \$21,000. In August 2023, the Charter School entered into a financing lease for equipment with monthly rental payments of \$308 through July 31, 2028. On August 15, 2023, the Charter School entered into a lease for temporary space through November 30, 2023 with monthly payments of \$5,990. Total rent expense incurred for the year ended June 30, 2025 was \$260,011 and \$359,195 for the period from January 3, 2023 (date of inception) to June 30, 2024.

A summary of the lease right-of-use assets and liabilities are as follows:

|                                       | <u>Statement of</u><br><u>Financial Position Classification</u> | <u>June 30,</u>   |                     |
|---------------------------------------|---|-------------------|---------------------|
|                                       |   | <u>2025</u>       | <u>2024</u>         |
| <u>Assets</u>                         |   |                   |                     |
| Right-of-use asset - finance          | Other assets  | \$ 10,201         | \$ 13,509           |
| Right-of-use asset - operating        | Other assets  | <u>727,435</u>    | <u>951,979</u>      |
|                                       |   | <u>\$ 737,636</u> | <u>\$ 965,488</u>   |
| <u>Liabilities</u>                    |   |                   |                     |
| Current portion of lease liabilities: |   |                   |                     |
| Finance                               | Current liabilities   | \$ 3,289          | \$ 3,145            |
| Operating                             | Current liabilities   | 221,532           | 164,525             |
| Long-term lease liabilities:          |   |                   |                     |
| Finance                               | Other liabilities   | 7,345             | \$ 10,635           |
| Operating                             | Other liabilities   | <u>690,946</u>    | <u>912,478</u>      |
|                                       |   | <u>\$ 923,112</u> | <u>\$ 1,090,783</u> |

BRICK BUFFALO ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2025  
(With Comparative Totals for 2024)

NOTE D: LEASES, Cont'd

The components of lease expense were as follows:

|                                    | Year ended<br>June 30,<br>2025 | Period from<br>January 3,<br>2023 (date of<br>inception) to<br>June 30,<br>2024 |
|------------------------------------|--------------------------------|---|
|                                    | <u>2025</u>                    | <u>2024</u>   |
| Finance lease cost:                |                                |   |
| Amortization of right-of-use asset | \$ 3,308                       | \$ 3,033  |
| Interest on lease liability        | <u>554</u>                     | <u>630</u>  |
| Total finance lease costs          | 3,862                          | 3,663   |
| Operating lease cost:              |                                |   |
| Operating lease cost               | 260,019                        | 325,024   |
| Short-term lease cost              | <u>-</u>                       | <u>34,171</u>   |
| Total operating lease costs        | <u>260,019</u>                 | <u>359,195</u>  |
| Total lease cost                   | <u>\$ 263,881</u>              | <u>\$ 362,858</u>   |

As of June 30, 2025 minimum payments due for the lease liabilities for the next four fiscal years are as follows:

| <u>Year ending June 30,</u>        | <u>Finance<br/>leases</u> | <u>Operating<br/>leases</u> | <u>Total</u>      |
|------------------------------------|---------------------------|-----------------------------|-------------------|
| 2026                               | \$ 3,700                  | \$ 250,000                  | \$ 253,700        |
| 2027                               | 3,700                     | 355,000                     | 358,700           |
| 2028                               | 3,700                     | 360,100                     | 363,800           |
| 2029                               | <u>308</u>                | <u>-</u>                    | <u>308</u>        |
| Total lease payments               | 11,408                    | 965,100                     | 976,508           |
| Less: Interest                     | <u>(774)</u>              | <u>(52,622)</u>             | <u>(53,396)</u>   |
| Present value of lease liabilities | <u>\$ 10,634</u>          | <u>\$ 912,478</u>           | <u>\$ 923,112</u> |

BRICK BUFFALO ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2025  
(With Comparative Totals for 2024)

NOTE D: LEASES, Cont'd

Supplemental information:

|   | Year ended<br>June 30,<br>2025 | Period from<br>January 3,<br>2023 (date of<br>inception) to<br>June 30,<br>2024 |
|---|--------------------------------|---|
| Cash paid for amounts included in the measurement of lease liabilities:           |                                |   |
| Operating cash flows paid for finance lease                                       | \$ 554                         | \$ 630  |
| Financing cash flows paid for finance lease                                       | \$ 3,145                       | \$ 2,762  |
| Operating cash flows paid for operating leases                                    | \$ 200,000                     | \$ 183,333  |
| Right-of-use assets obtained in exchange for new lease liabilities<br>(non-cash): |                                |   |
| Finance lease   | \$ -                           | \$ 16,542   |
| Operating lease   | \$ -                           | \$ 1,209,102  |
| Weighted-average remaining lease term:  |                                |   |
| Finance lease   | 3.08 years                     | 4.08 years  |
| Operating lease   | 3.00 years                     | 4.00 years  |
| Weighted-average discount rate:   |                                |   |
| Finance lease   | 4.49%                          | 4.49%   |
| Operating lease   | 3.60%                          | 3.60%   |

NOTE E: CHARTER MANAGEMENT ORGANIZATION

In May 2023, the Charter School entered into an educational service agreement with a charter management organization, Building Responsible Intelligent Creative Kids (“BRICK”), to provide expertise necessary to effectively provide essential programming and services to the Charter School. The agreement is set to expire on June 30, 2028. The management fee is 8% of gross revenues monthly for the first year and 10% of gross revenues monthly for years 2 through 5 of the agreement. This fee has been waived by BRICK for the year ended June 30, 2025 and for the period from January 3, 2023 (date of inception) to June 30, 2024.

At June 30, 2025 and 2024, \$272,416 and \$632,576, respectively, is due to BRICK for various other expenses for which the Charter School will reimburse BRICK. Further, BRICK granted the Charter School \$500,000 and \$400,000 during the year ended June 30, 2025 and the period from January 3, 2023 (date of inception) to June 30, 2024, respectively.

BRICK BUFFALO ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2025  
(With Comparative Totals for 2024)

NOTE F: CONTINGENCY

Certain grants and contracts may be subject to audit by funding sources. Such audits might result in disallowance of costs submitted for reimbursement by the Charter School. Management is of the opinion that such disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

NOTE G: CONCENTRATIONS

At June 30, 2025 and 2024, approximately 18% and 74%, respectively, of grants and other receivables are due from New York State relating to certain grants.

At June 30, 2025 and for the period from January 3, 2023 (date of inception) to June 30, 2024, approximately 88% and 36%, respectively, of total operating revenue and support came from per-pupil funding provided by the New York State. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

NOTE H: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses that are allocated to more than one program or supporting function are allocated on the basis of estimates of time and effort.

NOTE I: NET (DEFICIENCY) ASSETS

Net (deficiency) assets without donor restrictions are as follows:

|                                    | <u>June 30,</u><br><u>2025</u> | <u>June 30,</u><br><u>2024</u> |
|------------------------------------|--------------------------------|--------------------------------|
| Undesignated                       | \$ (945,545)                   | \$ (898,918)                   |
| Invested in property and equipment | <u>733,867</u>                 | <u>992,348</u>                 |
|                                    | <u>\$ (211,678)</u>            | <u>\$ 93,430</u>               |

NOTE J: RETIREMENT PLAN

The Charter School sponsors a 401(k) retirement plan (the "Plan") for its employees. The Plan allows for the Charter School to make a discretionary contribution to the Plan. The Charter School contributed approximately \$18,000 to the Plan for the year ended June 30, 2025. The Charter School did not make contributions to the Plan for the year ended June 30, 2024.

BRICK BUFFALO ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

YEAR ENDED JUNE 30, 2025  
(With Comparative Totals for 2024)

NOTE K: MANAGEMENT'S PLANS

For the year ended June 30, 2025, the Charter School experienced a change in net deficiency of (\$305,108). As of June 30, 2025, its current liabilities exceeded current assets by approximately \$987,000, and the Charter School had a deficit in net assets without donor restrictions of (\$211,678). These factors raise substantial doubt about the Charter School's ability to continue as a going concern.

The Charter School is in the early years of operations, a period in which charter schools commonly face enrollment variability and elevated start-up costs prior to achieving economies of scale. Management has implemented and continues to implement a set of actions designed to increase revenue stability, improve liquidity, and reduce operating costs:

- **Enrollment growth and retention:** The Charter School is implementing a comprehensive enrollment growth and retention strategy focused on strengthening community partnerships, diversifying recruitment pipelines, and ensuring staff representation reflects the students and families we serve. By partnering with local daycares and community organizations, expanding outreach beyond the immediate area, and refining social media and digital marketing efforts, the school is deepening its visibility and connection with families. In tandem, leadership is prioritizing staff retention through professional development, mentorship, and career pathways that build satisfaction and stability. These efforts, combined with an emphasis on family engagement and data-informed decision making, are designed to sustain enrollment, enhance school culture, and ensure long-term organizational growth.
- **Cost controls and right-sizing:** In anticipation of revenue constraints, the Charter School has implemented expense reductions, staffing efficiencies, and procurement controls, prioritized essential instructional and compliance needs, and deferred noncritical purchases. The Charter School continues to monitor variances monthly and adjust spending to align with realized enrollment.
- **Liquidity and vendor management:** The Charter School has negotiated structured payment plans with key vendors, aligned disbursements with expected cash receipts, and enhanced weekly cash-flow forecasting to preserve working capital. Where advantageous, the Charter School is pursuing extensions, fee waivers, and other concessions to smooth near-term obligations.
- **Financing and support:** The Charter School is evaluating options to restructure or refinance certain obligations and is actively pursuing grants and philanthropic support available to growing charter schools. The Management Organization has indicated a willingness to consider continued support during this ramp-up period, which may include targeted fundraising, short-term advances, and/or partial fee waivers, as needed and approved.
- **Governance and oversight:** The Charter School's Finance Committee reviews monthly financial statements, cash-flow projections, enrollment trends, and budget-to-actual results, and has adopted a conservative budget framework with contingency triggers to ensure timely corrective action if assumptions are not met.

The Charter School believes that these plans, together with the expected operational benefits of program maturation and grade-level expansion over time, will improve the Charter School's financial position and liquidity. While substantial doubt about the Charter School's ability to continue as a going concern is raised by current conditions, Charter School believes the steps described above provide a reasonable plan to address the underlying conditions and support the Charter School's continuation as a going concern.

**BRICK BUFFALO ACADEMY CHARTER SCHOOL**

**OTHER FINANCIAL INFORMATION**



BUSINESS  
ADVISORS  
AND CPAS

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees  
BRICK Buffalo Academy Charter School

We have audited the financial statements of BRICK Buffalo Academy Charter School as of June 30, 2025 and have issued our report thereon dated October 30, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial information hereinafter is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2025.

We have also audited the financial statements of BRICK Buffalo Academy Charter School as of June 30, 2024 and for the period from January 3, 2023 (date of inception) to June 30, 2024, and our report thereon dated October 30, 2024, expressed an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial information hereinafter is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Our report as of the same date, on the supplemental financial information stated that, in our opinion, such information was fairly stated in all material respects in relation to the financial statements for the period January 3, 2023 (date of inception) to June 30, 2024.

*Mengel, Metzger, Baw & Co. LLP*

Rochester, New York  
October 30, 2025

- 22 -

BRICK BUFFALO ACADEMY CHARTER SCHOOL

SCHEDULE OF ACTIVITIES

YEARS ENDED JUNE 30, 2025 AND 2024,  
AND THE PERIOD FROM JANUARY 3, 2023 (DATE OF INCEPTION) TO JUNE 30, 2023,  
AND THE PERIOD FROM JANUARY 3, 2023 (DATE OF INCEPTION) TO JUNE 30, 2024

|  | <u>Year ended June 30,</u> |             | <u>Period from</u>     | <u>Period from</u>     |
|--|----------------------------|-------------|------------------------|------------------------|
|  | <u>2025</u>                | <u>2024</u> | <u>January 3, 2023</u> | <u>January 3, 2023</u> |
|  |                            |             | <u>(date of</u>        | <u>(date of</u>        |
|  |                            |             | <u>inception) to</u>   | <u>inception) to</u>   |
|  |                            |             | <u>June 30,</u>        | <u>June 30,</u>        |
|  |                            |             | <u>2023</u>            | <u>2024</u>            |
| Revenue, gains, and other support:                   |                            |             |                        |                        |
| Public school district                               |                            |             |                        |                        |
| Resident student enrollment                          | \$ 917,567                 | \$ 685,710  | \$ -                   | \$ 685,710             |
| Students with disabilities                           | 68,976                     | 33,643      | -                      | 33,643                 |
| Grants and contracts                                 |                            |             |                        |                        |
| Federal - Title                                      | 53,934                     | 36,028      | -                      | 36,028                 |
| Federal - Other                                      | 76,000                     | 759,941     | 490,061                | 1,250,002              |
| TOTAL REVENUE, GAINS AND OTHER SUPPORT               | 1,116,477                  | 1,515,322   | 490,061                | 2,005,383              |
| Personnel services costs:                            |                            |             |                        |                        |
| Administrative staff personnel                       | 260,262                    | 385,696     | 44,511                 | 430,207                |
| Instructional personnel                              | 573,455                    | 372,688     | 49,030                 | 421,718                |
| Total personnel services costs                       | 833,717                    | 758,384     | 93,541                 | 851,925                |
| Fringe benefits & payroll taxes                      | 145,580                    | 176,196     | 20,697                 | 196,893                |
| Retirement   | 17,769                     | -           | -                      | -                      |
| Legal services                                       | 5,635                      | 8,102       | -                      | 8,102                  |
| Accounting / audit services                          | 30,000                     | 35,500      | 30,000                 | 65,500                 |
| Other purchased / professional / consulting services | 77,686                     | 58,578      | 220,619                | 279,197                |
| Building and land rent                               | 260,011                    | 281,389     | 77,806                 | 359,195                |
| Repairs and maintenance                              | 37,769                     | 29,057      | 643                    | 29,700                 |
| Insurance  | 1,446                      | 15,903      | -                      | 15,903                 |
| Utilities  | 42,234                     | 23,965      | -                      | 23,965                 |
| Supplies / materials                                 | 116,687                    | 84,444      | -                      | 84,444                 |
| Equipment and furnishings                            | 5,972                      | 25,318      | -                      | 25,318                 |
| Staff development                                    | 664                        | 1,530       | 2,730                  | 4,260                  |
| Marketing / recruitment                              | 51,507                     | 62,740      | 71,193                 | 133,933                |
| Technology   | 2,025                      | 26,519      | -                      | 26,519                 |
| Student services                                     | 10,731                     | 8,044       | -                      | 8,044                  |
| Office expense                                       | 5,639                      | 63,119      | 6,235                  | 69,354                 |
| Depreciation and amortization                        | 274,895                    | 117,736     | -                      | 117,736                |
| Other  | 1,618                      | 11,965      | -                      | 11,965                 |
| TOTAL OPERATING EXPENSES                             | 1,921,585                  | 1,788,489   | 523,464                | 2,311,953              |
| DEFICIT FROM SCHOOL OPERATIONS                       | (805,108)                  | (273,167)   | (33,403)               | (306,570)              |
| Support and other revenue:                           |                            |             |                        |                        |
| Contributions  |                            |             |                        |                        |
| Corporations   | 500,000                    | 400,000     | -                      | 400,000                |
| TOTAL SUPPORT AND OTHER REVENUE                      | 500,000                    | 400,000     | -                      | 400,000                |
| CHANGE IN NET (DEFICIENCY) ASSETS                    | \$ (305,108)               | \$ 126,833  | \$ (33,403)            | \$ 93,430              |

**BRICK BUFFALO ACADEMY CHARTER SCHOOL**

**REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS**



BUSINESS  
ADVISORS  
AND CPAS

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

Board of Trustees  
BRICK Buffalo Academy Charter School

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of BRICK Buffalo Academy Charter School, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net (deficiency) assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated October 30, 2025.

***Internal Control over Financial Reporting***

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2025-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2025-002 to be a significant deficiency.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether BRICK Buffalo Academy Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2025-003 and 2025-004.

### ***BRICK Buffalo Academy Charter School's Response to Findings***

Government Auditing Standards requires the auditor to perform limited procedures on the BRICK Buffalo Academy Charter School's responses to the findings identified in our audit is described in the accompanying schedule of findings and responses. BRICK Buffalo Academy Charter School's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### ***Purpose of This Report***

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

*Mengel, Metzger, Barw & Co. LLP*

Rochester, New York  
October 30, 2025

BRICK BUFFALO ACADEMY CHARTER SCHOOL

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2025

FINDINGS – FINANCIAL STATEMENT AUDIT

**Finding 2025-001**

Statement of condition

During our audit, we noted the per pupil final reconciliations for the year ended June 30, 2025 were not properly completed and submitted correctly and timely.

Criteria and effect of conditions

During our audit, we noted the Charter School has invoiced school districts for inaccurate student counts resulting in errors in billings and revenue recognition. During the reconciliation process these errors were not discovered until the districts returned the final reconciliations back noting errors. In some cases districts were bill even though the Charter School did not have any students from that district attending from there. In another instance the wrong district was billed for a student. These errors in core pupil aid invoicing resulted in material adjustments being made when the reconciliations were finally returned by the districts of approximately \$60,000 to reduce revenues. These reconciliations were returned to the Charter School throughout the audit.

Recommendation

In order to ensure that per pupil revenues are properly recorded, we recommend the Charter School establish a more effective and efficient billing and reconciliation process for the per pupil funding for each district. In order to ensure the Charter School is billing appropriately, we recommend the Charter School reconciles student listings to their appropriate district and ensure district billings are done timely and correctly. Additionally, we recommend that management implements a review process of these billings to ensure these are correct prior to submission and regularly follows up with the local districts. This process will act as an additional control to ensure the accuracy of core pupil aid funding.

Management response

Management agrees with the recommendation and the Charter School has implemented stronger processes and internal controls to ensure accurate and timely per-pupil billings and reconciliations. Beginning in fiscal year 2026, all district billings are verified against the student information system and district of residence lists prior to submission. A dual review process by the Network Performance Team, the Director of Operations, and the VP of Finance, has been established to confirm accuracy, and all reconciliations are now tracked and submitted according to an updated billing calendar.

BRICK BUFFALO ACADEMY CHARTER SCHOOL

SCHEDULE OF FINDINGS AND RESPONSES, Cont'd

YEAR ENDED JUNE 30, 2025

FINDINGS – FINANCIAL STATEMENT AUDIT, Cont'd

**Finding 2025-002**

Statement of condition

During our audit, we noted the Charter School has not been using purchase orders/purchase request forms during the procurement process. We consider this to be a significant deficiency in internal control over financial reporting.

Criteria and effect of conditions

During the period from July 1, 2024 to June 30, 2025 the Charter School was not preparing any purchase orders in their procurement process in accordance with their Financial Policies and Procedures Manual (“FPPM”). Per the FPPM, requests for purchases are to be submitted to the Director of Operations. The Charter Management Organization’s (“CMO”) finance office will then create a purchase order per vendor and will seek approval based on purchase approval guidelines in the FPPM. During our testing, the Charter School was unable to provide approved purchase orders to substantiate that this process was being performed.

Recommendation

In order to ensure the Charter School is making purchases for items necessary and within the budget, we recommend the Charter School adheres to its policy of creating purchase orders for approval prior to purchasing and maintaining the approved documentation. This process will act as an additional control to ensure the purchases are allowable expenditures under federal and state grants.

Management response

Management has reviewed and agrees with the recommendation that adhering to this policy will enhance our procurement process and help ensure that all expenditures are allowable under federal and state grants. The Charter School has implemented a formal purchase order and purchase request process to ensure compliance with the Financial Policies and Procedures Manual. Beginning in fiscal year 2026, all procurement requests must be submitted through the approved purchase order system called RAMP and reviewed for budget availability prior to purchase. The VP of Finance and CEO now jointly approve all purchase orders in alignment with established authorization thresholds. All supporting documentation is maintained electronically to provide a documented record of approvals. Staff involved in purchasing have been retrained on the updated process to ensure consistent compliance going forward.

BRICK BUFFALO ACADEMY CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND RESPONSES, Cont'd  
YEAR ENDED JUNE 30, 2025

FINDINGS – FINANCIAL STATEMENT AUDIT, Cont'd

**Finding 2025-003**

*Statement of condition*

During our audit, we noted the Charter School did not adhere to the terms of their charter agreement as the Charter School's enrollment fell below 85% of the projected enrollment for the 2024-2025 academic year and written approval from SUNY was not obtained.

*Criteria and effect of conditions*

During our audit, we noted the Charter School's charter agreement requires the Charter School to obtain written approval from SUNY prior to commencing or continuing instruction when the total number of students enrolled is less than 85% of the projected enrollment for a given academic year. We noted the Charter School's enrollment was 40% of the projected enrollment for the 2024-2025 academic year.

*Recommendation*

We recommend the Charter School obtain written approval from SUNY if enrollment falls below 85% of projected enrollment for a given academic year.

*Management response*

The Charter School acknowledges the finding. The School was in ongoing communication with SUNY regarding its enrollment status during the 2024 -2025 academic year; however, written approval was not formally obtained. Going forward, the Charter School will ensure that if enrollment falls below 85% of the projected level, written approval from SUNY will be requested and documented. The School has implemented an internal compliance calendar to monitor enrollment benchmarks and regulatory requirements to prevent recurrence of this issue.

BRICK BUFFALO ACADEMY CHARTER SCHOOL

SCHEDULE OF FINDINGS AND RESPONSES, Cont'd

YEAR ENDED JUNE 30, 2025

FINDINGS – FINANCIAL STATEMENT AUDIT, Cont'd

**Finding 2025-004**

Statement of condition

During our audit we noted BRICK Buffalo Academy Charter School did not create a dissolution reserve fund or account for purposes of school closure and/or dissolution as required by the Charter Agreement Section 8.9. \$25,000 per year is to be set aside in this fund during the first three years of operations. As of June 30, 2025, the required escrow deposit of \$50,000 was not made.

Criteria and effect of conditions

As of June 30, 2025, BRICK Buffalo Academy Charter School did not establish an escrow account and deposit the required \$50,000 in accordance with their Charter Agreement. As a result, the Charter School is not in compliance with section 8.9 of the Charter Agreement.

Future deposits of \$25,000 per fiscal year are required for the Charter School until the total dissolution fund reaches \$75,000.

Recommendation

We recommend management of BRICK Buffalo Academy Charter School immediately fund the dissolution fund for \$50,000 and verify funds have been deposited to the dissolution fund by June 30, 2026 in accordance with their Charter Agreement.

Management response

The Charter School acknowledges the finding and the requirement under Section 8.9 of the Charter Agreement to establish and fund a dissolution reserve. Due to continued under-enrollment and resulting cash flow constraints, the School was unable to fully fund the required \$50,000 escrow as of June 30, 2025. Management remains committed to meeting this obligation and has developed a phased funding plan that aligns with projected cash availability.

The School will begin partial funding of the dissolution reserve during the 2025-2026 fiscal year and will make incremental deposits until the full \$75,000 balance is achieved in accordance with the Charter Agreement. The Finance Department will oversee this process and maintain documentation of all deposits. In addition, management will continue to work with the Charter Management Organization to strengthen enrollment and overall liquidity to ensure long-term compliance.

BRICK BUFFALO ACADEMY CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND RESPONSES, Cont'd  
YEAR ENDED JUNE 30, 2025

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

**Finding 2024-001**

Statement of condition

During our audit, we noted the Charter School has not been using purchase orders/purchase request forms during the procurement process. We consider this to be a significant deficiency in internal control over financial reporting.

Criteria and effect of conditions

During the period from January 3, 2023 (date of inception) to June 30, 2024 the Charter School was not preparing any purchase orders in their procurement process in accordance with their Financial Policies and Procedures Manual ("FPPM"). Per the FPPM, requests for purchases are to be submitted to the Director of Operations. The Charter Management Organization's ("CMO") finance office will then create a purchase order per vendor and will seek approval based on purchase approval guidelines in the FPPM. During our testing, the Charter School was unable to provide approved purchase orders to substantiate that this process was being performed.

Recommendation

In order to ensure the Charter School is making purchases for items necessary and within the budget, we recommend the Charter School adheres to its policy of creating purchase orders for approval prior to purchasing and maintaining the approved documentation. This process will act as an additional control to ensure the purchases are allowable expenditures under federal and state grants.

Management response

Management has reviewed and agrees with the recommendation that adhering to this policy will enhance our procurement process and help ensure that all expenditures are allowable under federal and state grants. We are committed to implementing this recommendation promptly. We will reinforce our internal procedures and provide additional training for our staff to ensure compliance. Maintaining approved documentation will be a key focus moving forward.

Status

See 2025-002

BRICK BUFFALO ACADEMY CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND RESPONSES, Cont'd  
YEAR ENDED JUNE 30, 2025

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES, Cont'd

**Finding 2024-002**

*Statement of condition*

During our audit we noted BRICK Buffalo Academy Charter School did not create a dissolution reserve fund or account for purposes of school closure and/or dissolution as required by the Charter Agreement Section 8.9. \$25,000 per year is to be set aside in this fund during the first three years of operations. As of June 30, 2024, the required escrow deposit of \$25,000 was not made.

*Criteria and effect of conditions*

As of June 30, 2024, BRICK Buffalo Academy Charter School did not establish an escrow account and deposit the required \$25,000 in accordance with their Charter Agreement. As a result, the Charter School is not in compliance with section 8.9 of the Charter Agreement.

Future deposits of \$25,000 per fiscal year are required for the Charter School until the total dissolution fund reaches \$75,000.

*Recommendation*

We recommend management of BRICK Buffalo Academy Charter School immediately fund the dissolution fund for \$25,000 and verify funds have been deposited to the dissolution fund by June 30 for the next two years in accordance with their Charter Agreement.

*Management response*

Management has reviewed and agrees with the recommendation regarding the funding of the dissolution fund. We understand the importance of adhering to our Charter Agreement and we will open the dissolution fund account immediately and ensure that \$25,000 is allocated as recommended. Additionally, we will ensure the remaining \$50,000 is deposited by June 30 of fiscal years ending 2025-2026 so we maintain full compliance.

*Status*

See 2025-004