

Ascend Charter Schools

Financial Statements

June 30, 2025 and 2024

Independent Auditors' Report

Board of Trustees
Ascend Charter Schools

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ascend Charter Schools (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ascend Charter Schools as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ascend Charter Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ascend Charter Schools' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ascend Charter Schools' 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 Ascend Charter Schools' 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 Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of activities and functional expenses by school, for the year ended June 30, 2025 on pages 20 through 30 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

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 Ascend Charter Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ascend Charter Schools' 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 Ascend Charter Schools' internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Harrison, New York
October 30, 2025

Ascend Charter Schools

Statements of Financial Position

	June 30,	
	2025	2024
ASSETS		
Current Assets		
Cash	\$ 5,067,271	\$ 12,430,222
Certificates of deposit	39,535,395	10,475,751
Grants and contracts receivable	3,189,941	15,081,561
Due from related party	8,063,507	9,227,617
Prepaid expenses	948,294	341,493
Total Current Assets	56,804,408	47,556,644
Right of use assets - operating leases, net	466,904,003	416,896,979
Property and equipment, net	18,045,377	16,690,157
Security deposits	550,090	549,940
Restricted cash	325,499	325,435
	\$ 542,629,377	\$ 482,019,155
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 7,617,024	\$ 4,867,623
Accrued payroll and payroll taxes	5,601,483	5,891,573
Refundable advances	358,386	130,521
Loan payable, current portion	-	1,792,502
Operating lease liabilities, current portion	16,924,445	16,234,575
Due to related party	5,583,470	2,620,202
Total Current Liabilities	36,084,808	31,536,996
Operating lease liabilities	484,498,040	436,350,399
Total Liabilities	520,582,848	467,887,395
Net assets, without donor restrictions	22,046,529	14,131,760
	\$ 542,629,377	\$ 482,019,155

See notes to financial statements

Ascend Charter Schools

Statements of Activities

	Year Ended June 30,	
	2025	2024
OPERATING REVENUE		
State and local per pupil operating revenue		
General and special education	\$ 107,362,132	\$ 107,983,625
Facilities	19,632,903	16,944,764
Federal grants	4,439,345	10,327,238
Federal E-Rate and IDEA	2,876,145	3,044,320
State grants	358,900	459,976
Total Operating Revenue	134,669,425	138,759,923
EXPENSES		
Program Services		
Regular education	103,621,605	101,691,844
Special education	11,662,897	10,514,427
Total Program Services	115,284,502	112,206,271
Supporting Services		
Management and general	23,597,119	26,836,629
Total Expenses	138,881,621	139,042,900
(Deficit) from Operations	(4,212,196)	(282,977)
SUPPORT AND OTHER REVENUE		
Contributions and private grants	101,540	122,454
Contributions from Ascend Learning, Inc.	1,448,362	-
Gain on transfer of leases to related party	9,152,859	-
Interest and other revenue	1,424,204	371,507
Total Support and Other Revenue	12,126,965	493,961
Change in Net Assets	7,914,769	210,984
NET ASSETS, WITHOUT DONOR RESTRICTIONS		
Beginning of year	14,131,760	13,920,776
End of year	\$ 22,046,529	\$ 14,131,760

See notes to financial statements

Ascend Charter Schools

Statement of Functional Expenses Year Ended June 30, 2025

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	137	\$ 7,057,615	\$ 672,207	\$ 7,729,822	\$ 5,276,872	\$ 13,006,694
Instructional personnel	550	30,131,296	2,919,551	33,050,847	-	33,050,847
Total Personnel Services Costs	687	37,188,911	3,591,758	40,780,669	5,276,872	46,057,541
Employee benefits and payroll taxes		9,374,602	898,225	10,272,827	1,328,611	11,601,438
Professional fees		4,848,270	737,637	5,585,907	504,507	6,090,414
Management fees		6,047,278	894,232	6,941,510	9,989,001	16,930,511
Consultants - education		1,337	147	1,484	-	1,484
Legal fees		-	-	-	29,492	29,492
Curriculum and classroom supplies		3,505,189	520,880	4,026,069	-	4,026,069
Office supplies		-	-	-	308,630	308,630
Non-capitalized furniture and equipment		71,133	5,396	76,529	9,974	86,503
Leased equipment, furniture and fixtures		786,718	74,293	861,011	112,230	973,241
Communications		3,112,535	292,453	3,404,988	439,782	3,844,770
Occupancy		31,329,540	3,749,995	35,079,535	4,537,836	39,617,371
Insurance		696,066	65,631	761,697	96,122	857,819
Repairs and maintenance		1,019	113	1,132	156	1,288
Security		22,957	2,189	25,146	3,269	28,415
Marketing and recruiting		1,570,724	162,940	1,733,664	213,460	1,947,124
Staff development		409,524	203,058	612,582	67,708	680,290
Travel and meals		301,961	28,720	330,681	42,716	373,397
Postage, printing and copying		26,128	2,818	28,946	3,697	32,643
Dues and subscriptions		1,155,859	108,180	1,264,039	164,078	1,428,117
Depreciation and amortization		3,157,160	322,822	3,479,982	455,415	3,935,397
Interest		14,694	1,410	16,104	2,091	18,195
Miscellaneous		-	-	-	11,472	11,472
Total Expenses		\$ 103,621,605	\$ 11,662,897	\$ 115,284,502	\$ 23,597,119	\$ 138,881,621

See notes to financial statements

Ascend Charter Schools

Statement of Functional Expenses Year Ended June 30, 2024

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	177	\$ 7,211,027	\$ 749,517	\$ 7,960,544	\$ 6,589,257	\$ 14,549,801
Instructional personnel	506	31,284,867	3,073,687	34,358,554	-	34,358,554
Non-instructional personnel	27	-	-	-	375,143	375,143
Total Personnel Services Costs	710	38,495,894	3,823,204	42,319,098	6,964,400	49,283,498
Employee benefits and payroll taxes		8,825,038	884,440	9,709,478	1,635,223	11,344,701
Professional fees		5,006,179	322,617	5,328,796	713,105	6,041,901
Management fees		5,958,184	883,068	6,841,252	9,844,728	16,685,980
Legal fees		-	-	-	487,040	487,040
Curriculum and classroom supplies		4,837,908	610,966	5,448,874	-	5,448,874
Office supplies		-	-	-	243,187	243,187
Non-capitalized furniture and equipment		116,650	11,935	128,585	21,133	149,718
Leased equipment, furniture and fixtures		527,709	51,558	579,267	97,432	676,699
Communications		3,115,319	314,434	3,429,753	583,315	4,013,068
Occupancy		26,050,427	2,811,289	28,861,716	4,969,745	33,831,461
Insurance		599,448	61,358	660,806	108,283	769,089
Repairs and maintenance		223,329	11,360	234,689	43,072	277,761
Security		84,105	11,913	96,018	14,435	110,453
Marketing and recruiting		1,365,013	143,620	1,508,633	234,522	1,743,155
Staff development		2,682,021	192,667	2,874,688	124,214	2,998,902
Travel and meals		294,066	27,435	321,501	54,860	376,361
Postage, printing and copying		17,915	1,874	19,789	3,596	23,385
Dues and subscriptions		365,419	37,735	403,154	68,906	472,060
Depreciation and amortization		3,109,433	310,397	3,419,830	605,391	4,025,221
Interest		17,787	2,557	20,344	4,285	24,629
Miscellaneous		-	-	-	15,757	15,757
Total Expenses		\$ 101,691,844	\$ 10,514,427	\$ 112,206,271	\$ 26,836,629	\$ 139,042,900

See notes to financial statements

Ascend Charter Schools

Statements of Cash Flows

	Year Ended June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 7,914,769	\$ 210,984
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	3,935,397	4,025,221
Amortization of right of use assets - operating leases	22,650,279	19,123,369
Gain on transfer of lease to related party	(9,152,859)	-
Changes in operating assets and liabilities		
Grants and contracts receivable	11,891,620	913,115
Due from related party	1,164,110	(4,552,170)
Prepaid expenses	(606,801)	(154,538)
Security deposits	(150)	(910)
Accounts payable and accrued expenses	2,749,401	2,645,344
Accrued payroll and payroll taxes	(290,090)	1,190,451
Operating lease liabilities	(14,666,933)	(14,614,809)
Refundable advances	227,865	(175,851)
Due to related party	2,963,268	1,139,453
Net Cash from Operating Activities	28,779,876	9,749,659
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(5,290,617)	(3,938,646)
Purchase of certificates of deposit	(28,000,000)	(2,500,000)
Interest reinvested	(1,059,644)	(300,851)
Net Cash from Investing Activities	(34,350,261)	(6,739,497)
CASH FLOWS FROM FINANCING ACTIVITY		
Principal payments of loan payable	(1,792,502)	(155,254)
Net Change in Cash and Restricted Cash	(7,362,887)	2,854,908
CASH AND RESTRICTED CASH		
Beginning of year	12,755,657	9,900,749
End of year	\$ 5,392,770	\$ 12,755,657
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 18,195	\$ 24,629

See notes to financial statements

Ascend Charter Schools

Notes to Financial Statements
June 30, 2025 and 2024

1. Organization and Tax Status

Ascend Charter Schools (the “School”) is a New York State, not-for-profit educational corporation that was incorporated to operate a Charter School pursuant to Article 56 of the Education Law of the State of New York. The School’s mission is to equip its students with the knowledge, confidence and character to succeed in college and beyond.

The accompanying financial statements include the following charter schools collectively forming the School:

Brooklyn Ascend Charter School (“Brooklyn Ascend”) – Brooklyn Ascend was granted a provisional charter on January 15, 2008 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York (the “Board of Regents”).

Brownsville Ascend Charter School (“Brownsville Ascend”) – Brownsville Ascend was granted a provisional charter on January 13, 2009 valid for a term of five years and renewable upon expiration by the Board of Regents.

Bushwick Ascend Charter School (“Bushwick Ascend”) – Bushwick Ascend was granted a provisional charter on February 9, 2010 valid for a term of five years and renewable upon expiration by the Board of Regents.

Canarsie Ascend Charter School (“Canarsie Ascend”) – Canarsie Ascend was granted a provisional charter on September 13, 2011 valid for a term of five years and renewable upon expiration by the Board of Regents.

Central Brooklyn Ascend Charter School (“Central Brooklyn Ascend”) – Central Brooklyn Ascend was granted a provisional charter on January 1, 2013 valid for a term of five years and renewable upon expiration by the Board of Regents.

Cypress Hills Ascend Charter School (“Cypress Hills Ascend”) – Cypress Hills Ascend was granted a provisional charter on July 19, 2017 valid for a term of five years and renewable upon expiration by the Board of Regents.

East Brooklyn Ascend Charter School (“East Brooklyn Ascend”) – East Brooklyn Ascend was granted a provisional charter on July 19, 2017 valid for a term of five years and renewable upon expiration by the Board of Regents.

East Flatbush Ascend Charter School (“East Flatbush Ascend”) – East Flatbush Ascend was granted a provisional charter on October 19, 2018 valid for terms of five years and renewable upon expiration by the Board of Regents.

Flatbush Ascend Charter School (“Flatbush Ascend”) – Flatbush Ascend, previously named Lefferts Gardens Ascend, was granted a provisional charter on October 19, 2018 valid for terms of five years and renewable upon expiration by the Board of Regents.

Ascend Charter Schools

Notes to Financial Statements
June 30, 2025 and 2024

1. Organization and Tax Status (*continued*)

Brooklyn Ascend Charter School 6 (“Brooklyn Ascend 6”) – Brooklyn Ascend 6 was granted a provisional charter on March 8, 2019 valid for a term of five years and renewable upon expiration by the Board of Regents. Brooklyn Ascend 6 commenced operations on July 1, 2024.

The School obtained a five year renewal for all its above listed charters expiring July 31, 2029.

The School provided education to approximately 5,208 students in kindergarten through twelfth grades during the 2024-2025 academic year.

The School used outside vendors to serve breakfast and lunch to its students and files for reimbursement of expenses through the New York State and Federal school food program. The School covers the cost of breakfast and lunch for families who experience hardship and who do not qualify for free or reduced meals. The Office of Pupil Transportation provides free transportation to some of the students.

Except for taxes that may be due for unrelated business income, the School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local income taxes under comparable laws.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which 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 revenues and expenses during the reporting period. Accordingly actual results could differ from those estimates.

Net Assets Presentation

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

Net assets without donor restrictions - consist of resources available for the general support of the School’s operations. Net assets without donor restrictions may be used at the discretion of the School’s management and/or the Board of Trustees.

Net assets with donor restrictions – represents amounts restricted by donors for specific activities of the School or to be used at a future date. The School records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The School had no net assets with donor restrictions at June 30, 2025 and 2024.

Ascend Charter Schools

Notes to Financial Statements
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (*continued*)

Restricted Cash

Under the provisions of its charter, the School established an escrow account to pay for legal and audit expenses that would be associated with a dissolution, should it occur.

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position to the amounts presented in the statements of cash flows at June 30:

	<u>2025</u>	<u>2024</u>
Cash	\$ 5,067,271	\$ 12,430,222
Restricted cash	<u>325,499</u>	<u>325,435</u>
	<u>\$ 5,392,770</u>	<u>\$ 12,755,657</u>

Certificates of Deposit

Certificates of deposit are carried at cost plus accrued interest.

Property and Equipment

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$5,000 and a useful life in excess of one year. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods, which are reasonably assured, or the estimated useful life of the asset. Purchased property and equipment are recorded at cost at the date of acquisition. Maintenance and repairs are expensed as incurred. All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case such assets are expensed as incurred.

Depreciation and amortization is recognized on the straight-line method over the estimated useful lives of such assets as follows:

Computers and technology	3 years
Equipment	3 and 5 years
Furniture and fixtures	5 and 7 years
Software	3 years
Website development	3 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount of the asset is not recoverable, the asset is written down to its fair value. There were no asset impairments for the years ended June 30, 2025 and 2024.

Ascend Charter Schools

Notes to Financial Statements
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (*continued*)

Leases

The School accounts for leases under Topic 842. The School determines if an arrangement is a lease at inception. Operating leases are included in operating lease right of use ("ROU") assets and lease liabilities in the statements of financial position. All leases are recorded on the statements of financial position except for leases with an initial term less than 12 months for which the School made the short-term lease election.

ROU assets represent the 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 lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. When leases do not provide an implicit borrowing rate, the School uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU assets includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The School's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The School has lease agreements with lease and non-lease components, which are generally accounted for separately.

Capitalize rental expense shall be recognized on a straight-line basis unless another systematic and rational basis is more representative of the time pattern in which use benefit is derived from the leased property, in which case that basis shall be used.

Refundable Advances

The School records certain government grants and contracts as refundable advances until the related services are performed, at which time it is recognized as revenue.

Revenue and Support

Revenue from state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agency.

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Grants and other contributions of cash are reported as net assets with donor restrictions if they are received with donor stipulations. Restricted contributions and grants that are made to support the School's current year activities are recorded as net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

Ascend Charter Schools

Notes to Financial Statements
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (*continued*)

Marketing and Recruiting

Marketing and recruiting costs are expensed as incurred for staff and student recruitment. Accordingly, all costs in marketing and recruitment are allocated to program and management and general expenditures and expensed as incurred. Marketing and recruiting expenses for the years ended June 30, 2025 and 2024 was \$1,947,117 and \$1,743,152.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the School's ongoing services. Non-operating activities include revenue and support from non-governmental and other sources that include contributions and grants revenue, return on investments and other activities considered to be of a non-recurring nature.

Functional Expense Allocation

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses, such as personnel services cost, employee benefits and payroll taxes, occupancy expense, communications, and repairs and maintenance have been allocated among program and supporting services classifications on the basis of periodic time and expense studies and other basis as determined by management of the School to be appropriate.

Accounting for Uncertainty in Income Taxes

The School recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the School had no uncertain tax positions that would require financial statement recognition or disclosure. The School is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2022.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 30, 2025.

3. Grants and Contracts Receivable

Grants and contracts receivable consist of federal, state, city entitlements and grants. The School expects to collect these receivables within one year. Management has assessed the need for an allowance and has determined that such an allowance is not necessary.

Ascend Charter Schools

Notes to Financial Statements
June 30, 2025 and 2024

4. Related Party Transactions (not disclosed elsewhere)

The School contracts with Ascend Learning, Inc. (“Ascend”), a New York State not-for-profit corporation, to serve as the School’s charter management organization. The School entered into a one year agreement with Ascend on July 1, 2024 which calls for Ascend to design, select and implement the School’s educational program as well as the professional development activities for all the School personnel; recruit, supervise and evaluate the School’s director; propose employment policies and practices relating to School personnel; and manage the School’s business administration. The School renewed its agreement with Ascend through June 30, 2026.

For the years ended June 30, 2025 and 2024, each charter school paid Ascend an annual fee of 13.25% of the School’s per pupil operating revenue, per pupil facilities revenue and federal Individuals with Disabilities Education Act revenue. The management fee for the years ended June 30, 2025 and 2024 amounted to \$16,930,511 and \$16,685,980.

The School is related to Friends of Ascend Charter Schools, Inc. (“FOA”), a New York State not-for-profit corporation, by common management. FOA’s purpose is to support the operation of the School by managing the School’s real estate and facilities-related needs, and by raising funds and resources that will enable FOA to provide support to the School and to enhance the experience of the School’s students. The School entered into various sublease agreements with FOA for classroom facilities (Note 10). Lease agreements for two facilities used by the School during the year ended June 30, 2025 were transferred to FOA and new sublease agreements were entered into between FOA and the School. As a result of the transfers, the unamortized right-of-use assets of \$17,994,667 and the corresponding lease liabilities of \$27,147,526 were written off resulting in a non-operating net gain of \$9,152,859 which is reported as gain on transfer of leases to related party on the statements of activities.

For operational efficiency and purchasing power, the School shares certain operating expenses with Ascend and FOA. The net balance due from/(to) the related parties consisted of the following at June 30:

	2025	2024
Ascend	\$ (5,583,470)	\$ (2,620,202)
FOA	<u>8,063,507</u>	<u>9,227,617</u>
	<u>\$ 2,480,037</u>	<u>\$ 6,607,415</u>

Ascend Charter Schools

Notes to Financial Statements
June 30, 2025 and 2024

5. Property and Equipment

Property and equipment consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Computers and technology	\$ 17,357,626	\$ 13,613,546
Equipment	1,709,532	1,696,534
Furniture and fixtures	8,472,273	7,668,650
Software	352,227	219,000
Website development	143,277	143,277
Leasehold improvements	18,647,006	18,011,873
Construction in progress	-	38,444
	<u>46,681,941</u>	<u>41,391,324</u>
Accumulated depreciation and amortization	<u>(28,636,564)</u>	<u>(24,701,167)</u>
	<u>\$ 18,045,377</u>	<u>\$ 16,690,157</u>

Construction in progress at June 30, 2024 primarily comprised of costs related to the 2840 Atlantic Avenue facility which was placed into service during the year ended June 30, 2025.

6. Liquidity and Availability of Financial Assets

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, are comprised of the following at June 30:

	<u>2025</u>	<u>2024</u>
Cash	\$ 5,067,271	\$ 12,430,222
Certificates of deposit	39,535,395	10,475,751
Grants and contracts receivable	3,189,941	15,081,561
Due from related party	8,063,507	9,227,617
	<u>\$ 55,856,114</u>	<u>\$ 47,215,151</u>

As part of the School's liquidity management plan, the status of grants and contracts receivable is monitored regularly and any excess cash is held in savings accounts and other liquid instruments until it is required for operational use. In the event of unanticipated liquidity need, the School could draw down upon certificates of deposit to cover any temporary shortfalls in funding. The School will continue to rely on funding received from the New York City Department of Education to cover its future operating costs (See Note 9).

7. Employee Benefit Plan

The School maintains a pension plan qualified under Internal Revenue Code 403(b), for the benefit of its eligible employees. Under the plan, the School will match employee contributions ranging from 1% to 5% of annual compensation. Total employer match for the years ended June 30, 2025 and 2024 was \$429,039 and \$366,326.

Ascend Charter Schools

Notes to Financial Statements
June 30, 2025 and 2024

8. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist of cash with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation (“FDIC”) limit. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation (“SIPC”) are insured up to \$500,000 (\$250,000 for cash holdings). The School does not believe that a significant risk of loss due to the failure of a financial institution presently exists. At June 30, 2025 and 2024, approximately \$4,819,000 and \$13,307,000 of cash was maintained with an institution in excess of FDIC limits. At June 30, 2025 and 2024, approximately \$39,035,000 and \$9,976,000 of cash was maintained with an institution in excess of SIPC limits.

9. Concentration of Revenue and Support

The School receives a substantial portion of its revenue and support from the New York City Department of Education. For the years ended June 30, 2025 and 2024, the School received approximately 86% and 90% of total revenue and support from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School’s finances could be materially adversely affected.

10. Commitments

School Facilities

Brooklyn Ascend

On March 19, 2008, Brooklyn Ascend entered into an agreement to lease property at 205 Rockaway Parkway, Brooklyn, New York for a period of 15 years. The landlord has renovated the facility to conform to the School’s specifications in phases. As of June 30, 2024, Brooklyn Ascend had reimbursed the landlord a total of \$3,508,850 for these renovations which are classified as leasehold improvements under property and equipment in the statements of financial position.

On January 19, 2011, Brooklyn Ascend entered into an agreement to lease property at 123 East 98th Street, Brooklyn, New York for a period of 20 years. This location became the home of Brooklyn Ascend Middle School starting with the 2012-2013 academic year.

On July 1, 2024, the operating leases for the 205 Rockaway Parkway and 123 East 98th Street locations were transferred to FOA and new sublease agreements between FOA and the School were entered into for periods of 9 years ending on August 31, 2033 for the 205 Rockaway Parkway location and 7 years ending on August 31, 2031 for the 123 East 98th Street location.

Subleases With FOA

Beginning in September 2017, the School began entering into sublease agreements with FOA for classroom and office space under non-cancelable leases for multiple schools. All properties are currently exempt from real estate taxes, but the School will be responsible for any real estate taxes arising out the of the School’s occupancy.

Ascend Charter Schools

Notes to Financial Statements June 30, 2025 and 2024

10. Commitments *(continued)*

School Facilities *(continued)*

Subleases With FOA *(continued)*

The following is the summary of the locations and terms of the sublease agreements the School had with FOA at June 30, 2025:

Charter	School	Location	Effective Date	Termination Date
Brooklyn Ascend	Brooklyn Ascend Lower	205 Rockaway Parkway	7/1/2024	8/31/2033
Brooklyn Ascend	Brooklyn Ascend Middle	123 East 98th Street	7/1/2024	8/31/2031
Brooklyn Ascend	Brooklyn Ascend High School	1501 Pitkin Avenue	7/1/2022	6/30/2032
Brownsville Ascend	Brownsville Ascend Lower and Middle	1501 Pitkin Avenue	7/1/2022	6/30/2032
Bushwick Ascend	Bushwick Ascend Lower	751 Knickerbocker Avenue	7/1/2017	6/30/2045
Bushwick Ascend	Bushwick Ascend Middle	2 Aberdeen Street	7/1/2017	6/30/2045
Canarsie Ascend	Canarsie Ascend Lower	9719 Flatlands Avenue	7/1/2022	6/30/2033
Canarsie Ascend	Canarsie Ascend Middle	744 East 87th Street	7/1/2017	6/30/2047
Central Brooklyn Ascend	Central Brooklyn Ascend Lower	465 East 29th Street	7/1/2017	6/30/2045
Central Brooklyn Ascend	Central Brooklyn Ascend Middle	1886 Nostrand Avenue	7/1/2017	6/30/2045
Cypress Hills Ascend	Cypress Hills Ascend Lower	396 Grant Avenue	7/1/2018	6/30/2048
Cypress Hills Ascend	Cypress Hills Ascend Middle	2840 Atlantic Avenue	7/1/2024	6/30/2056
East Brooklyn Ascend	East Brooklyn Ascend Lower	260 Shepherd Avenue	7/1/2019	6/30/2048
East Flatbush Ascend	East Flatbush Ascend Lower	870 Albany Avenue	7/1/2019	6/30/2048
Flatbush Ascend	Flatbush Ascend Lower	123 Linden Boulevard	7/1/2021	6/30/2039
Flatbush Ascend	Flatbush Ascend Middle	1833 Nostrand Avenue	7/1/2023	6/30/2055
Brooklyn Ascend 6	Brooklyn Ascend Lower	205 Rockaway Parkway	7/1/2024	8/31/2033

Occupancy expense for the years ended June 30, 2025 and 2024 was \$39,617,371 and \$33,831,461.

Right of use assets consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
ROU assets - operating lease	\$ 522,579,384	\$ 453,197,541
Accumulated amortization	<u>(55,675,381)</u>	<u>(36,300,562)</u>
	<u>\$ 466,904,003</u>	<u>\$ 416,896,979</u>
Weighted average remaining lease term	20.52 years	20.19 years
Weighted average discount rate	3.48%	3.16%

Ascend Charter Schools

Notes to Financial Statements
June 30, 2025 and 2024

10. Commitments *(continued)*

School Facilities *(continued)*

Subleases With FOA *(continued)*

Future minimum lease payments are as follows for the years ending June 30:

2026	33,705,894
2027	35,522,420
2028	36,601,355
2029	37,866,958
2030	38,569,765
Thereafter	<u>549,929,414</u>
Total minimum lease payments	732,195,806
Present value discount	<u>(230,773,321)</u>
Present value of operating lease liabilities	501,422,485
Current portion	<u>(16,924,445)</u>
Operating lease liabilities, less current portion	<u><u>\$ 484,498,040</u></u>

Supplemental cash flow disclosures are as follows at June 30:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 31,868,562	\$ 28,916,104
Operating lease right of use asset obtained in exchange for operating lease liabilities	90,651,970	66,996,344

11. Loan Payable

On October 17, 2019, the School entered into a \$2,500,000 loan agreement with Nonprofit Finance Fund (“NFF”) for the purpose of financing the cost of renovations and improvements to the building previously leased by the School at 1501 Pitkin Avenue, Brooklyn, NY. The loan was set to mature on November 1, 2026 and the loan was payable on a monthly basis in the amount of \$21,872 commencing on July 1, 2020, bearing interest at 6.25% per annum. The loan was guaranteed by the School and secured by the leasehold interests of the School in the building. In addition, the School has granted a security interest in all of its other assets to secure the loan.

The School was required to maintain five financial performance covenants all of which were assessed starting with the fiscal year ended June 30, 2020. For the year ended June 30, 2024, the School was in compliance with all financial covenants.

In connection with FOA’s refinancing of its loans, the School repaid the outstanding balance on the loan in full on July 9, 2024.

Ascend Charter Schools

Notes to Financial Statements
June 30, 2025 and 2024

12. Contingency

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost 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.

From time to time and in the ordinary course of business, the School may be subject to various claims, charges, and litigation. In the opinion of management, final judgement from such pending claims, charges, and litigations, if any, against the School would not have a material adverse effect on the School's financial position, changes in net assets or cash flows.

Ascend Charter Schools

Supplementary Information

June 30, 2025

Ascend Charter Schools

Schedule of Activities by School
Year Ended June 30, 2025

	Brooklyn Ascend	Brownsville Ascend	Bushwick Ascend	Canarsie Ascend	Central Brooklyn Ascend	Cypress Hills Ascend	East Brooklyn Ascend	East Flatbush Ascend	Flatbush Ascend	Brooklyn Ascend 6	Total
OPERATING REVENUE											
State and local per pupil operating revenue											
General and special education	\$ 18,808,848	\$ 12,047,116	\$ 15,032,217	\$ 16,962,886	\$ 15,351,145	\$ 9,957,245	\$ 3,040,658	\$ 4,839,415	\$ 8,481,109	\$ 2,841,493	\$ 107,362,132
Facilities	1,882,603	1,286,292	1,877,557	3,651,432	2,997,194	2,728,527	848,218	1,295,350	2,285,952	779,778	19,632,903
Federal grants	690,007	440,850	525,027	458,410	412,225	835,090	94,119	132,554	734,504	116,559	4,439,345
Federal E-Rate and IDEA	633,605	419,071	371,091	348,418	372,256	292,102	86,186	117,194	220,505	15,717	2,876,145
State grants	75,272	47,622	40,922	62,023	52,574	27,768	7,099	16,773	23,456	5,391	358,900
Total Operating Revenue	<u>22,090,335</u>	<u>14,240,951</u>	<u>17,846,814</u>	<u>21,483,169</u>	<u>19,185,394</u>	<u>13,840,732</u>	<u>4,076,280</u>	<u>6,401,286</u>	<u>11,745,526</u>	<u>3,758,938</u>	<u>134,669,425</u>
EXPENSES											
Program Services											
Regular education	21,413,361	13,243,377	12,909,495	13,819,728	13,838,968	10,426,892	3,549,715	4,665,562	8,853,214	901,293	103,621,605
Special education	620,226	1,940,160	1,516,095	1,545,196	438,730	2,308,509	623,980	527,488	2,123,345	19,168	11,662,897
Total Program Services	22,033,587	15,183,537	14,425,590	15,364,924	14,277,698	12,735,401	4,173,695	5,193,050	10,976,559	920,461	115,284,502
Supporting Services											
Management and general	4,439,839	3,118,798	2,917,998	3,463,121	3,186,168	2,263,601	794,419	1,131,867	2,120,339	160,969	23,597,119
Total Expenses	<u>26,473,426</u>	<u>18,302,335</u>	<u>17,343,588</u>	<u>18,828,045</u>	<u>17,463,866</u>	<u>14,999,002</u>	<u>4,968,114</u>	<u>6,324,917</u>	<u>13,096,898</u>	<u>1,081,430</u>	<u>138,881,621</u>
Surplus (Deficit) from Operations	(4,383,091)	(4,061,384)	503,226	2,655,124	1,721,528	(1,158,270)	(891,834)	76,369	(1,351,372)	2,677,508	(4,212,196)
SUPPORT AND OTHER REVENUE											
Contributions from related party	316,466	185,970	180,756	194,515	178,149	168,155	41,133	60,831	122,387	-	1,448,362
Contributions and private grants	19,102	12,602	12,602	14,996	12,997	10,786	2,240	4,806	11,409	-	101,540
Gain on transfer of leases to related party	9,152,859	-	-	-	-	-	-	-	-	-	9,152,859
Interest and other revenue	311,181	182,868	177,730	191,323	175,166	165,340	40,445	59,813	120,338	-	1,424,204
Total Support and Other Revenue	<u>9,799,608</u>	<u>381,440</u>	<u>371,088</u>	<u>400,834</u>	<u>366,312</u>	<u>344,281</u>	<u>83,818</u>	<u>125,450</u>	<u>254,134</u>	<u>-</u>	<u>12,126,965</u>
Change in Net Assets	5,416,517	(3,679,944)	874,314	3,055,958	2,087,840	(813,989)	(808,016)	201,819	(1,097,238)	2,677,508	7,914,769
NET ASSETS (DEFICIT), WITHOUT DONOR RESTRICTION											
Beginning of year	<u>2,328,642</u>	<u>5,777,660</u>	<u>4,190,408</u>	<u>15,294,955</u>	<u>7,088,594</u>	<u>(1,874,440)</u>	<u>(9,424,507)</u>	<u>(2,543,649)</u>	<u>(6,705,903)</u>	<u>-</u>	<u>14,131,760</u>
End of year	<u>\$ 7,745,159</u>	<u>\$ 2,097,716</u>	<u>\$ 5,064,722</u>	<u>\$ 18,350,913</u>	<u>\$ 9,176,434</u>	<u>\$ (2,688,429)</u>	<u>\$ (10,232,523)</u>	<u>\$ (2,341,830)</u>	<u>\$ (7,803,141)</u>	<u>\$ 2,677,508</u>	<u>\$ 22,046,529</u>

Ascend Charter Schools

Schedule of Functional Expenses
Brooklyn Ascend Charter School
Year Ended June 30, 2025

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	29	\$ 1,436,126	\$ 595	\$ 1,436,721	\$ 1,102,995	\$ 2,539,716
Instructional personnel	122	6,874,727	2,850	6,877,577	-	6,877,577
Total Personnel Services Costs	<u>151</u>	8,310,853	3,445	8,314,298	1,102,995	9,417,293
Employee benefits and payroll taxes		2,268,773	941	2,269,714	301,155	2,570,869
Professional fees		1,704,774	258,950	1,963,724	128,262	2,091,986
Management fees		1,155,609	175,988	1,331,597	1,916,200	3,247,797
Legal fees		-	-	-	464	464
Curriculum and classroom supplies		771,974	118,089	890,063	-	890,063
Office supplies		-	-	-	53,999	53,999
Non-capitalized furniture and equipment		23,992	10	24,002	3,184	27,186
Leased equipment, furniture and fixtures		160,711	67	160,778	21,329	182,107
Communications		809,432	336	809,768	107,426	917,194
Occupancy		4,262,773	1,767	4,264,540	565,744	4,830,284
Insurance		125,419	775	126,194	16,013	142,207
Security		4,566	2	4,568	606	5,174
Marketing and recruiting		342,774	1,860	344,634	43,991	388,625
Staff development		177,026	57,266	234,292	4,661	238,953
Travel and meals		68,864	222	69,086	8,971	78,057
Postage, printing and copying		431	-	431	57	488
Dues and subscriptions		282,736	117	282,853	37,524	320,377
Depreciation and amortization		939,602	390	939,992	124,700	1,064,692
Interest		3,052	1	3,053	405	3,458
Miscellaneous		-	-	-	2,153	2,153
Total Expenses		<u>\$ 21,413,361</u>	<u>\$ 620,226</u>	<u>\$ 22,033,587</u>	<u>\$ 4,439,839</u>	<u>\$ 26,473,426</u>

Ascend Charter Schools

Schedule of Functional Expenses
Brownsville Ascend Charter School
Year Ended June 30, 2025

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	20	\$ 774,454	\$ 107,886	\$ 882,340	\$ 663,129	\$ 1,545,469
Instructional personnel	70	3,089,034	430,320	3,519,354	-	3,519,354
Total Personnel Services Costs	<u>90</u>	<u>3,863,488</u>	<u>538,206</u>	<u>4,401,694</u>	663,129	<u>5,064,823</u>
Employee benefits and payroll taxes		1,124,972	156,689	1,281,661	193,058	1,474,719
Professional fees		643,867	119,178	763,045	40,767	803,812
Management fees		618,222	114,440	732,662	1,054,318	1,786,980
Legal fees		-	-	-	422	422
Curriculum and classroom supplies		394,500	72,050	466,550	-	466,550
Office supplies		-	-	-	38,885	38,885
Non-capitalized furniture and equipment		7,275	1,014	8,289	1,249	9,538
Leased equipment, furniture and fixtures		106,770	14,874	121,644	18,326	139,970
Communications		340,033	47,369	387,402	58,363	445,765
Occupancy		5,163,183	719,261	5,882,444	886,209	6,768,653
Insurance		69,411	9,786	79,197	11,476	90,673
Security		2,454	342	2,796	421	3,217
Marketing and recruiting		189,615	26,730	216,345	31,364	247,709
Staff development		44,074	26,119	70,193	4,216	74,409
Travel and meals		31,595	4,401	35,996	5,423	41,419
Postage, printing and copying		1,329	185	1,514	228	1,742
Dues and subscriptions		140,564	19,581	160,145	24,126	184,271
Depreciation and amortization		500,407	69,710	570,117	85,890	656,007
Interest		1,618	225	1,843	278	2,121
Miscellaneous		-	-	-	650	650
Total Expenses		<u>\$ 13,243,377</u>	<u>\$ 1,940,160</u>	<u>\$ 15,183,537</u>	<u>\$ 3,118,798</u>	<u>\$ 18,302,335</u>

Ascend Charter Schools

Schedule of Functional Expenses
 Bushwick Ascend Charter School
 Year Ended June 30, 2025

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	17	\$ 924,719	\$ 100,621	\$ 1,025,340	\$ 667,550	\$ 1,692,890
Instructional personnel	71	4,096,552	445,754	4,542,306	-	4,542,306
Total Personnel Services Costs	<u>88</u>	5,021,271	546,375	5,567,646	667,550	6,235,196
Employee benefits and payroll taxes		1,215,259	132,235	1,347,494	161,562	1,509,056
Professional fees		517,008	83,915	600,923	46,965	647,888
Management fees		795,955	129,191	925,146	1,331,306	2,256,452
Legal fees		-	-	-	3,823	3,823
Curriculum and classroom supplies		395,122	64,184	459,306	-	459,306
Office supplies		-	-	-	44,449	44,449
Non-capitalized furniture and equipment		3,094	337	3,431	411	3,842
Leased equipment, furniture and fixtures		93,196	10,141	103,337	12,390	115,727
Communications		418,137	45,498	463,635	55,589	519,224
Occupancy		3,671,968	399,555	4,071,523	488,167	4,559,690
Insurance		97,957	10,823	108,780	12,616	121,396
Security		3,062	333	3,395	407	3,802
Marketing and recruiting		203,605	22,417	226,022	26,417	252,439
Staff development		32,049	23,018	55,067	3,113	58,180
Travel and meals		35,699	3,884	39,583	4,746	44,329
Postage, printing and copying		2,703	294	2,997	359	3,356
Dues and subscriptions		148,580	16,167	164,747	19,753	184,500
Depreciation and amortization		252,878	27,516	280,394	33,619	314,013
Interest		1,952	212	2,164	260	2,424
Miscellaneous		-	-	-	4,496	4,496
Total Expenses		<u>\$ 12,909,495</u>	<u>\$ 1,516,095</u>	<u>\$ 14,425,590</u>	<u>\$ 2,917,998</u>	<u>\$ 17,343,588</u>

Ascend Charter Schools

Schedule of Functional Expenses
Canarsie Ascend Charter School
Year Ended June 30, 2025

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	15	\$ 1,059,673	\$ 117,530	\$ 1,177,203	\$ 722,376	\$ 1,899,579
Instructional personnel	78	4,063,404	450,680	4,514,084	-	4,514,084
Total Personnel Services Costs	<u>93</u>	<u>5,123,077</u>	<u>568,210</u>	<u>5,691,287</u>	<u>722,376</u>	<u>6,413,663</u>
Employee benefits and payroll taxes		1,255,403	139,239	1,394,642	177,017	1,571,659
Professional fees		556,294	59,561	615,855	89,673	705,528
Management fees		1,014,898	108,388	1,123,286	1,616,436	2,739,722
Consultants - education		1,337	147	1,484	-	1,484
Legal fees		-	-	-	8,715	8,715
Curriculum and classroom supplies		517,611	55,619	573,230	-	573,230
Office supplies		-	-	-	53,406	53,406
Non-capitalized furniture and equipment		10,109	1,121	11,230	1,425	12,655
Leased equipment, furniture and fixtures		143,852	15,955	159,807	20,284	180,091
Communications		421,826	46,786	468,612	59,479	528,091
Occupancy		3,917,370	434,483	4,351,853	552,366	4,904,219
Insurance		117,133	12,976	130,109	15,988	146,097
Security		3,535	392	3,927	498	4,425
Marketing and recruiting		199,163	22,094	221,257	28,220	249,477
Staff development		45,680	25,608	71,288	46,415	117,703
Travel and meals		42,450	4,708	47,158	5,986	53,144
Postage, printing and copying		19,921	2,209	22,130	2,809	24,939
Dues and subscriptions		164,837	18,282	183,119	23,243	206,362
Depreciation and amortization		263,017	29,172	292,189	37,087	329,276
Interest		2,215	246	2,461	312	2,773
Miscellaneous		-	-	-	1,386	1,386
Total Expenses		<u>\$ 13,819,728</u>	<u>\$ 1,545,196</u>	<u>\$ 15,364,924</u>	<u>\$ 3,463,121</u>	<u>\$ 18,828,045</u>

Ascend Charter Schools

Schedule of Functional Expenses
Central Brooklyn Ascend Charter School
Year Ended June 30, 2025

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	19	\$ 1,135,659	\$ 12,741	\$ 1,148,400	\$ 722,577	\$ 1,870,977
Instructional personnel	<u>65</u>	<u>4,059,127</u>	<u>45,538</u>	<u>4,104,665</u>	-	<u>4,104,665</u>
Total Personnel Services Costs	<u>84</u>	5,194,786	58,279	5,253,065	722,577	5,975,642
Employee benefits and payroll taxes		1,275,129	14,305	1,289,434	177,366	1,466,800
Professional fees		654,741	89,094	743,835	64,168	808,003
Management fees		882,030	120,319	1,002,349	1,442,405	2,444,754
Legal fees		-	-	-	8,404	8,404
Curriculum and classroom supplies		525,262	71,955	597,217	-	597,217
Office supplies		-	-	-	35,879	35,879
Non-capitalized furniture and equipment		12,665	142	12,807	1,762	14,569
Leased equipment, furniture and fixtures		126,517	1,419	127,936	17,598	145,534
Communications		403,504	4,527	408,031	56,126	464,157
Occupancy		3,924,913	44,032	3,968,945	545,942	4,514,887
Insurance		118,411	1,750	120,161	16,002	136,163
Security		3,554	40	3,594	494	4,088
Marketing and recruiting		225,476	5,456	230,932	28,112	259,044
Staff development		33,234	22,265	55,499	3,933	59,432
Travel and meals		49,355	554	49,909	6,865	56,774
Postage, printing and copying		1,147	13	1,160	160	1,320
Dues and subscriptions		159,870	1,794	161,664	22,237	183,901
Depreciation and amortization		246,142	2,761	248,903	34,237	283,140
Interest		2,232	25	2,257	311	2,568
Miscellaneous		-	-	-	1,590	1,590
Total Expenses		<u>\$ 13,838,968</u>	<u>\$ 438,730</u>	<u>\$ 14,277,698</u>	<u>\$ 3,186,168</u>	<u>\$ 17,463,866</u>

Ascend Charter Schools

Schedule of Functional Expenses
Cypress Hills Ascend Charter School
Year Ended June 30, 2025

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	13	\$ 603,795	\$ 138,496	\$ 742,291	\$ 437,445	\$ 1,179,736
Instructional personnel	51	2,878,729	660,308	3,539,037	-	3,539,037
Total Personnel Services Costs	<u>64</u>	3,482,524	798,804	4,281,328	437,445	4,718,773
Employee benefits and payroll taxes		901,912	206,833	1,108,745	113,267	1,222,012
Professional fees		274,216	43,673	317,889	75,313	393,202
Management fees		600,668	91,901	692,569	996,625	1,689,194
Curriculum and classroom supplies		382,212	57,905	440,117	-	440,117
Office supplies		-	-	-	42,527	42,527
Non-capitalized furniture and equipment		7,759	1,780	9,539	975	10,514
Leased equipment, furniture and fixtures		58,974	13,527	72,501	7,408	79,909
Communications		281,311	64,526	345,837	35,336	381,173
Occupancy		3,755,751	861,475	4,617,226	471,765	5,088,991
Insurance		51,569	11,674	63,243	6,224	69,467
Security		2,038	468	2,506	256	2,762
Marketing and recruiting		158,688	36,001	194,689	19,279	213,968
Staff development		25,361	18,120	43,481	855	44,336
Travel and meals		23,148	5,310	28,458	2,908	31,366
Postage, printing and copying		230	53	283	29	312
Dues and subscriptions		99,304	22,778	122,082	12,474	134,556
Depreciation and amortization		319,888	73,374	393,262	40,182	433,444
Interest		1,339	307	1,646	168	1,814
Miscellaneous		-	-	-	565	565
 Total Expenses		<u>\$ 10,426,892</u>	<u>\$ 2,308,509</u>	<u>\$ 12,735,401</u>	<u>\$ 2,263,601</u>	<u>\$ 14,999,002</u>

Ascend Charter Schools

Schedule of Functional Expenses
East Brooklyn Ascend Charter School
Year Ended June 30, 2025

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	4	\$ 250,586	\$ 44,704	\$ 295,290	\$ 168,143	\$ 463,433
Instructional personnel	16	872,197	155,599	1,027,796	-	1,027,796
Total Personnel Services Costs	<u>20</u>	1,122,783	200,303	1,323,086	168,143	1,491,229
Employee benefits and payroll taxes		272,769	48,662	321,431	40,849	362,280
Professional fees		72,380	10,270	82,650	7,664	90,314
Management fees		185,561	26,329	211,890	304,916	516,806
Legal fees		-	-	-	805	805
Curriculum and classroom supplies		101,659	14,279	115,938	-	115,938
Office supplies		-	-	-	4,206	4,206
Non-capitalized furniture and equipment		1,673	298	1,971	251	2,222
Leased equipment, furniture and fixtures		19,207	3,426	22,633	2,876	25,509
Communications		97,814	17,450	115,264	14,648	129,912
Occupancy		1,466,662	261,651	1,728,313	219,641	1,947,954
Insurance		18,889	3,344	22,233	2,725	24,958
Security		593	106	699	89	788
Marketing and recruiting		44,127	7,804	51,931	6,327	58,258
Staff development		15,635	6,873	22,508	1,723	24,231
Travel and meals		11,468	2,046	13,514	1,717	15,231
Postage, printing and copying		319	57	376	48	424
Dues and subscriptions		31,375	5,597	36,972	4,699	41,671
Depreciation and amortization		86,412	15,416	101,828	12,941	114,769
Interest		389	69	458	58	516
Miscellaneous		-	-	-	93	93
 Total Expenses		<u>\$ 3,549,715</u>	<u>\$ 623,980</u>	<u>\$ 4,173,695</u>	<u>\$ 794,419</u>	<u>\$ 4,968,114</u>

Ascend Charter Schools

Schedule of Functional Expenses
East Flatbush Ascend Charter School
Year Ended June 30, 2025

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	5	\$ 377,135	\$ 41,854	\$ 418,989	\$ 299,271	\$ 718,260
Instructional personnel	26	1,576,282	174,934	1,751,216	-	1,751,216
Total Personnel Services Costs	<u>31</u>	<u>1,953,417</u>	<u>216,788</u>	<u>2,170,205</u>	<u>299,271</u>	<u>2,469,476</u>
Employee benefits and payroll taxes		436,445	48,436	484,881	66,865	551,746
Professional fees		89,398	10,429	99,827	11,302	111,129
Management fees		299,438	34,931	334,369	481,165	815,534
Legal fees		-	-	-	1,382	1,382
Curriculum and classroom supplies		148,109	17,254	165,363	-	165,363
Office supplies		-	-	-	7,553	7,553
Non-capitalized furniture and equipment		2,231	248	2,479	342	2,821
Leased equipment, furniture and fixtures		29,334	3,256	32,590	4,494	37,084
Communications		124,875	13,858	138,733	19,131	157,864
Occupancy		1,297,026	143,943	1,440,969	198,710	1,639,679
Insurance		29,833	3,317	33,150	4,412	37,562
Repairs and maintenance		1,019	113	1,132	156	1,288
Security		1,129	125	1,254	173	1,427
Marketing and recruiting		71,608	7,968	79,576	10,402	89,978
Staff development		12,431	8,037	20,468	332	20,800
Travel and meals		15,248	1,692	16,940	2,336	19,276
Postage, printing and copying		28	3	31	4	35
Dues and subscriptions		49,717	5,518	55,235	7,617	62,852
Depreciation and amortization		103,661	11,504	115,165	15,881	131,046
Interest		615	68	683	94	777
Miscellaneous		-	-	-	245	245
 Total Expenses		 <u>\$ 4,665,562</u>	 <u>\$ 527,488</u>	 <u>\$ 5,193,050</u>	 <u>\$ 1,131,867</u>	 <u>\$ 6,324,917</u>

Ascend Charter Schools

Schedule of Functional Expenses
Flatbush Ascend Charter School
Year Ended June 30, 2025

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	10	\$ 400,627	\$ 98,602	\$ 499,229	\$ 412,916	\$ 912,145
Instructional personnel	39	2,249,186	553,568	2,802,754	-	2,802,754
Total Personnel Services Costs	<u>49</u>	<u>2,649,813</u>	<u>652,170</u>	<u>3,301,983</u>	412,916	<u>3,714,899</u>
Employee benefits and payroll taxes		612,083	150,646	762,729	95,380	858,109
Professional fees		332,024	62,222	394,246	39,805	434,051
Management fees		494,897	92,745	587,642	845,630	1,433,272
Legal fees		-	-	-	854	854
Curriculum and classroom supplies		262,322	48,458	310,780	-	310,780
Office supplies		-	-	-	27,448	27,448
Non-capitalized furniture and equipment		1,761	434	2,195	274	2,469
Leased equipment, furniture and fixtures		47,166	11,608	58,774	7,350	66,124
Communications		211,350	52,017	263,367	32,934	296,301
Occupancy		3,566,232	877,718	4,443,950	555,720	4,999,670
Insurance		43,746	10,673	54,419	6,569	60,988
Security		1,549	381	1,930	241	2,171
Marketing and recruiting		135,291	32,610	167,901	19,256	187,157
Staff development		24,034	15,752	39,786	2,315	42,101
Travel and meals		23,982	5,903	29,885	3,737	33,622
Postage, printing and copying		14	4	18	2	20
Dues and subscriptions		74,146	18,249	92,395	11,554	103,949
Depreciation and amortization		371,781	91,503	463,284	57,934	521,218
Interest		1,023	252	1,275	159	1,434
Miscellaneous		-	-	-	261	261
 Total Expenses		 <u>\$ 8,853,214</u>	 <u>\$ 2,123,345</u>	 <u>\$ 10,976,559</u>	 <u>\$ 2,120,339</u>	 <u>\$ 13,096,898</u>

See independent auditors' report

Ascend Charter Schools

Schedule of Functional Expenses
Brooklyn Ascend Charter School 6
Year Ended June 30, 2025

	No. of Positions	Program Services			Management and General	Total
		Regular Education	Special Education	Total		
Personnel Services Costs						
Administrative staff personnel	5	\$ 94,841	\$ 9,178	\$ 104,019	\$ 80,470	\$ 184,489
Instructional personnel	12	372,058	-	372,058	-	372,058
Total Personnel Services Costs	<u>17</u>	466,899	9,178	476,077	80,470	556,547
Employee benefits and payroll taxes		11,857	239	12,096	2,092	14,188
Professional fees		3,568	345	3,913	588	4,501
Legal fees		-	-	-	4,623	4,623
Curriculum and classroom supplies		6,418	1,087	7,505	-	7,505
Office supplies		-	-	-	278	278
Non-capitalized furniture and equipment		574	12	586	101	687
Leased equipment, furniture and fixtures		991	20	1,011	175	1,186
Communications		4,253	86	4,339	750	5,089
Occupancy		303,662	6,110	309,772	53,572	363,344
Insurance		23,698	513	24,211	4,097	28,308
Security		477	-	477	84	561
Marketing and recruiting		377	-	377	92	469
Staff development		-	-	-	145	145
Travel and meals		152	-	152	27	179
Postage, printing and copying		6	-	6	1	7
Dues and subscriptions		4,730	97	4,827	851	5,678
Depreciation and amortization		73,372	1,476	74,848	12,944	87,792
Interest		259	5	264	46	310
Miscellaneous		-	-	-	33	33
 Total Expenses		<u>\$ 901,293</u>	<u>\$ 19,168</u>	<u>\$ 920,461</u>	<u>\$ 160,969</u>	<u>\$ 1,081,430</u>

**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***

Independent Auditors' Report

**Board of Trustees
Ascend Charter Schools**

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

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Harrison, New York
October 30, 2025