

BRONX CHARTER SCHOOL FOR BETTER LEARNING

BRONX, 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 Assets	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	10
 <u>OTHER FINANCIAL INFORMATION</u>	
Independent Auditor's Report on Other Financial Information	25
Statement of Activities and Changes in Net Assets by Charter	26
Statement of Functional Expenses Bronx Charter School for Better Learning I	27
Statement of Functional Expenses Bronx Charter School for Better Learning II	28
 <u>REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS</u>	
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 <i>Government Auditing Standards</i>	30
Schedule of Findings and Responses	32



BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Bronx Charter School for Better Learning

Report on the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bronx Charter School for Better Learning 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 Bronx Charter School for Better Learning 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 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 Bronx Charter School for Better Learning'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 Bronx Charter School for Better Learning'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 Bronx Charter School for Better Learning'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 Bronx Charter School for Better Learning's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 Bronx Charter School for Better Learning's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 Bronx Charter School for Better Learning's internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 30, 2025

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

(With Comparative Totals for 2024)

<u>ASSETS</u>	June 30,	
	2025	2024
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 8,822,337	\$ 11,640,184
Certificates of deposit	1,062,755	1,040,073
Investments	7,471,641	-
Accounts receivable, net of allowance of \$493,001 and \$623,124 at June 30, 2025 and 2024, respectively	403,633	265,504
Grants and contracts receivables	556,136	3,181,046
Prepaid expenses and other current assets	25,530	81,571
TOTAL CURRENT ASSETS	18,342,032	16,208,378
<u>PROPERTY AND EQUIPMENT, net</u>	579,554	785,931
<u>OTHER ASSETS</u>		
Right-of-use assets - finance	326,620	413,689
Escrow account	159,915	159,279
	486,535	572,968
TOTAL ASSETS	\$ 19,408,121	\$ 17,567,277
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 153,653	\$ 523,514
Accrued payroll and benefits	1,684,547	1,577,305
Deferred revenue	31,312	31,312
Current portion of lease liabilities - finance	156,074	140,998
TOTAL CURRENT LIABILITIES	2,025,586	2,273,129
<u>OTHER LIABILITIES</u>		
Long-term lease liabilities - finance	253,318	377,742
	253,318	377,742
TOTAL LIABILITIES	2,278,904	2,650,871
<u>NET ASSETS</u>		
Without donor restrictions	17,094,447	14,886,536
With donor restrictions	34,770	29,870
TOTAL NET ASSETS	17,129,217	14,916,406
TOTAL LIABILITIES AND NET ASSETS	\$ 19,408,121	\$ 17,567,277

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

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

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

	Year ended June 30,			
	2025			2024
	Without donor restrictions	With donor restrictions	Total	Total
Revenue, gains, and other support:				
Public school district:				
Resident student enrollment	\$ 17,964,730	\$ -	\$ 17,964,730	\$ 17,837,118
Students with disabilities	1,386,849	-	1,386,849	1,054,078
Grants and contracts:				
State and local	183,996	-	183,996	183,996
Federal - Title and IDEA	684,596	-	684,596	702,299
Federal - other	778,926	-	778,926	2,429,176
Contributed rent	5,422,415	-	5,422,415	5,351,135
TOTAL REVENUE, GAINS AND OTHER SUPPORT	26,421,512	-	26,421,512	27,557,802
Expenses:				
Program services:				
Regular education	19,232,266	-	19,232,266	19,683,450
Special education	3,564,810	-	3,564,810	3,395,146
Total program services	22,797,076	-	22,797,076	23,078,596
Management and general	2,363,692	-	2,363,692	1,816,224
Fundraising and special events	217,153	-	217,153	481,707
TOTAL OPERATING EXPENSES	25,377,921	-	25,377,921	25,376,527
SURPLUS FROM SCHOOL OPERATIONS	1,043,591	-	1,043,591	2,181,275
Support and other revenue:				
Contributions:				
Foundations	1,309	-	1,309	1,207
Individuals	49,194	5,000	54,194	28,722
Interest income	552,552	-	552,552	506,822
Realized gains	3,089	-	3,089	-
Unrealized gains	518,281	-	518,281	-
Net assets released from restriction	100	(100)	-	-
Miscellaneous income	39,795	-	39,795	715
TOTAL SUPPORT AND OTHER REVENUE	1,164,320	4,900	1,169,220	537,466
CHANGE IN NET ASSETS	2,207,911	4,900	2,212,811	2,718,741
Net assets at beginning of year	14,886,536	29,870	14,916,406	12,197,665
NET ASSETS AT END OF YEAR	\$ 17,094,447	\$ 34,770	\$ 17,129,217	\$ 14,916,406

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

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF FUNCTIONAL EXPENSES

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

	Year ended June 30,								
	2025						2024		
	No. of Positions	Program Services			Supporting Services			Total	Total
Regular Education		Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total			
Personnel services costs:									
Administrative staff personnel	12	\$ 91,250	\$ 45,626	\$ 136,876	\$ 761,623	\$ 104,990	\$ 866,613	\$ 1,003,489	\$ 1,013,109
Instructional personnel	140	8,715,042	1,685,797	10,400,839	-	-	-	10,400,839	10,174,801
Non-instructional personnel	21	1,435,672	199,555	1,635,227	360,720	14,082	374,802	2,010,029	2,285,522
Total personnel services costs	173	10,241,964	1,930,978	12,172,942	1,122,343	119,072	1,241,415	13,414,357	13,473,432
Fringe benefits and payroll taxes		2,518,801	474,271	2,993,072	279,814	29,524	309,338	3,302,410	3,260,165
Retirement		267,099	50,527	317,626	28,225	3,039	31,264	348,890	303,674
Legal service		-	-	-	27,743	-	27,743	27,743	19,576
Accounting / audit services		-	-	-	86,001	-	86,001	86,001	52,000
Other purchased / professional / consulting services		383,584	63,156	446,740	202,405	3,457	205,862	652,602	487,966
In-kind rent		4,142,402	781,556	4,923,958	450,520	47,937	498,457	5,422,415	5,351,135
Repairs and maintenance		17,777	3,318	21,095	2,370	237	2,607	23,702	167,432
Insurance		113,548	21,519	135,067	11,753	1,277	13,030	148,097	137,685
Utilities		189,797	35,939	225,736	19,839	2,146	21,985	247,721	159,212
Supplies and materials		182,178	20,406	202,584	5,980	650	6,630	209,214	249,347
Non-capitalized equipment/furnishings		4,335	810	5,145	524	53	577	5,722	7,679
Staff development		126,202	23,871	150,073	13,351	1,437	14,788	164,861	231,943
Marketing and recruitment		86,381	8,008	94,389	32,869	177	33,046	127,435	54,989
Technology		47,533	6,297	53,830	2,931	339	3,270	57,100	87,826
Food service		23,229	4,358	27,587	2,677	278	2,955	30,542	22,774
Student services		243,714	18,318	262,032	-	-	-	262,032	272,120
Office expense		229,175	43,281	272,456	24,660	2,636	27,296	299,752	273,944
Depreciation and amortization		453,211	85,542	538,753	50,236	5,323	55,559	594,312	539,092
Interest		32,069	6,151	38,220	2,863	332	3,195	41,415	22,829
Credit loss (recovery) expense		(99,878)	(18,955)	(118,833)	(10,176)	(1,114)	(11,290)	(130,123)	150,123
Other		29,145	5,459	34,604	6,764	353	7,117	41,721	51,584
		<u>\$ 19,232,266</u>	<u>\$ 3,564,810</u>	<u>\$ 22,797,076</u>	<u>\$ 2,363,692</u>	<u>\$ 217,153</u>	<u>\$ 2,580,845</u>	<u>\$ 25,377,921</u>	<u>\$ 25,376,527</u>

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

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF CASH FLOWS

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

	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 2,212,811	\$ 2,718,741
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	594,312	539,092
Net realized and unrealized gains	(521,370)	-
Credit loss (recovery) expense	(130,123)	150,123
Changes in certain assets and liabilities affecting operations:		
Accounts receivable	(8,006)	(237,171)
Grants and contracts receivables	2,624,910	(1,505,271)
Prepaid expenses and other current assets	56,041	15,938
Accounts payable and accrued expenses	(369,861)	301,992
Accrued payroll and benefits	107,242	42,593
Deferred revenue	-	19,719
	<u>4,565,956</u>	<u>2,045,756</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	4,565,956	2,045,756
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(261,888)	(614,881)
Proceeds from maturity of certificates of deposit	1,040,073	1,013,200
Purchases of certificates of deposit	(1,062,755)	(1,040,073)
Purchases of investments	(7,002,510)	-
Proceeds from sale of investments	52,239	-
	<u>(7,234,841)</u>	<u>(641,754)</u>
NET CASH USED FOR INVESTING ACTIVITIES	(7,234,841)	(641,754)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Principal payments on finance lease	(148,326)	(135,559)
	<u>(148,326)</u>	<u>(135,559)</u>
NET CASH USED FOR FINANCING ACTIVITIES	(148,326)	(135,559)
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(2,817,211)	1,268,443
Cash, cash equivalents, and restricted cash at beginning of year	<u>11,799,463</u>	<u>10,531,020</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	<u>\$ 8,982,252</u>	<u>\$ 11,799,463</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF CASH FLOWS, Cont'd

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

	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash and cash equivalents	\$ 8,822,337	\$ 11,640,184
Cash in escrow	<u>159,915</u>	<u>159,279</u>
	<u>\$ 8,982,252</u>	<u>\$ 11,799,463</u>
Cash paid during the year for interest	<u>\$ 41,415</u>	<u>\$ 22,829</u>
<u>NON-CASH OPERATING ACTIVITIES</u>		
Contributed rent	<u>\$ 5,422,415</u>	<u>\$ 5,351,135</u>
<u>NON-CASH INVESTING AND FINANCING ACTIVITIES</u>		
Right-of-use assets obtained in exchange for finance lease liabilities	<u>\$ 38,103</u>	<u>\$ -</u>

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

BRONX CHARTER SCHOOL FOR BETTER LEARNING

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

Bronx Charter School for Better Learning (the “Charter School”) is an educational corporation that operates as a charter school in the borough of Bronx, New York. The Charter School operates two schools, Bronx Charter School for Better Learning (“BBL I”) and Bronx Charter School for Better Learning II (“BBL II”). On March 25, 2003, the Board of Regents of the University of the State of New York granted BBL I a provisional charter. On July 22, 2014, the Board of Regents of the University of the State of New York amended the charter agreement permitting an additional school to be opened by the Charter School. During the 2015 fiscal year, the Charter School added BBL II under its expanded charter. The Charter School was established to provide its students in grades K-5 with a solid foundation for academic success, through achievement that exceeds citywide averages and meets or exceeds New York State Standards and national norms in all curriculum areas tested, especially in mathematics and language arts. The Charter School operates a Pre-K program which is not considered a chartered grade. There is a separate contract between the Charter School and the New York Department of Education regarding the operation of the Pre-K program.

On March 15, 2023, the Board of Regents of the University of the State of New York approved the alignment of the charter renewal cycles of BBL I and BBL II and granted a renewal of each charter with the ability to operate through July 31, 2028.

The accompanying financial statements include the accounts of BBL I and BBL II (collectively referred to as the “Charter School”). All intercompany balances and transactions have been eliminated in the accompanying financial statements.

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.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

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

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 net assets with donor restrictions of \$34,770 and \$29,870 at June 30, 2025 and 2024, respectively.

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 public school district revenues qualify as exchange transactions and the revenues are earned over time.

Public school district revenue

The Charter School recognizes revenue as educational programming is provided to students throughout the year. The Charter School earns public school district 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 Charter 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(s) 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.

Universal Pre-Kindergarten (Pre-K)

Similar to public school district revenue, the Charter School recognizes Pre-K revenue as educational programming is provided to students throughout the year. The maximum revenue amount is based on a contractually determined fixed amount per student and the number of students enrolled at a point in time. This amount could be further reduced if actual costs incurred in providing the Pre-K program are less than the maximum calculated amount of the contract. Amounts are paid in installments throughout the course of the year, with the final 5% paid upon submission of all required documentation at the end of the contract year. Approximately \$184,000 of revenue was recognized during both the years ended June 30, 2025 and 2024 and is included in the state and local grants line on the accompanying statement of activities and changes in net assets.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

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

Fundraising

The Charter School conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event— the exchange component, and a portion represents a contribution to the Charter School. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Charter School. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Charter School, are recorded as fundraising expense in the statement of functional expenses. The performance obligation is delivery of the event. The event fee is set by the Charter School. Special event fees collected by the Charter School in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as special event revenue after delivery of the event.

For special event fees received before year-end for an event to occur after year-end, the Charter School follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

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

	<u>June 30,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Accounts receivable, net	\$ 403,633	\$ 265,504	\$ 28,333

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. Approximately \$31,000 was deferred at both June 30, 2025 and 2024 and is mostly related to the Charter School's summer program.

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.

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 in net assets as net assets released from restrictions.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

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

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 was no grant revenue deferred at June 30, 2025 and 2024.

Cash and cash equivalents

Cash and certain money market account balances are maintained at financial institutions located in New York and are insured by the FDIC up to \$250,000 at each institution. The Charter School considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. In the normal course of business, the cash and cash equivalent 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 and cash equivalents.

Certificates of deposit

Certificates of deposit represent certificates of deposit with maturities of twelve months or less. These assets are carried at their original cost plus interest earned. In the normal course of business, the 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 certificates of deposit.

Investments

Investments consist of various marketable securities. These investments have readily determinable fair values.

Accounts receivable, grants and contracts receivables and allowance for credit losses

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. From time to time, the Charter School establishes an additional allowance for credit losses for financial asset balances with specific districts where collectability has been determined to be improbable based on specific facts and circumstances. Such allowances are established as deemed necessary in the period such determination is made. The Charter School's allowance for credit losses was \$493,001 and \$623,124 at June 30, 2025 and 2024, respectively.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

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

The Charter School writes off receivables when there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized as an offset to credit loss expense in the year of recovery. There were no write-offs and recoveries of \$130,123 during the year ended June 30, 2025. There were write-offs of \$150,123 and no recoveries during the year ended June 30, 2024.

Property and equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to five years.

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.

Escrow account

The Charter School segregated certain certificates of deposit to fund an escrow account in accordance with the terms of their charter agreement. The amount in escrow as of June 30, 2025 and 2024 was \$159,915 and \$159,279, respectively. The escrow account is restricted to fund legal and other costs should the Charter School cease operations and dissolve.

Tax exempt status

The Charter School is a tax-exempt Charter School 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 Form 990 tax returns in the U.S. federal jurisdiction. The Charter School's current and prior three years tax returns remain 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.

In-kind donations

Gifts and donations other than cash are recorded at fair value at the date of contribution.

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. The Charter School received donated transportation, food services and special education services from the local school district. The Charter School was unable to determine a value for these services.

Marketing and recruiting costs

The Charter School expenses marketing and recruiting costs as they are incurred. Total marketing and recruiting costs approximated \$127,000 and \$55,000 for the years ended June 30, 2025 and 2024, respectively.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

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

Comparatives for the year ended June 30, 2024

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, 2024, from which the summarized information was derived.

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.

Leases

The Charter School leases office 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 lease right-of-use assets, current liabilities and other liabilities on the accompanying statement of financial position. There were no operating leases at June 30, 2025 and 2024.

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 leases. 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 a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU assets also include any lease payments made and exclude 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 and interest expense.

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

Reclassifications

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

BRONX CHARTER SCHOOL FOR BETTER LEARNING

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

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.

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 sources of liquidity are its cash and cash equivalent accounts, certificates of deposit and investments.

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 operates with a balanced budget and 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 and shows positive cash generated by operations for fiscal years 2025 and 2024.

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 and cash equivalents	\$ 8,822,337	\$ 11,640,184
Certificates of deposit	1,062,755	1,040,073
Investments	7,471,641	-
Accounts receivable, net	403,633	265,504
Grants and contracts receivables	<u>556,136</u>	<u>3,181,046</u>
Total financial assets available within one year	18,316,502	16,126,807
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	<u>(34,770)</u>	<u>(29,870)</u>
Total amounts unavailable for general expenditures within one year	<u>(34,770)</u>	<u>(29,870)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 18,281,732</u>	<u>\$ 16,096,937</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

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

NOTE C: SCHOOL FACILITY

The Charter School has an agreement with the New York City Department of Education for dedicated and shared space of approximately 33,000 square feet at no charge at P.S. 111 Annex, a New York City Public School located at 3740 Baychester Avenue, Bronx, New York. In valuing the contributed space in the school building, the Charter School estimated the fair value of \$3,039,030 and \$2,939,850 for the years ended June 30, 2025 and 2024, respectively, on the basis of financial information provided to the Charter School under the New York City Rental Assistance Program. There were no associated donor restrictions with the contributed facility.

The Charter School has an agreement with the New York City Department of Education for dedicated and shared space of approximately 21,000 square feet at no charge at MS 144, a New York City Public School located at 2545 Gunther Avenue, Bronx, New York. In valuing the contributed space in the school building, the Charter School estimated the fair value of \$2,383,385 and \$2,411,285 for the years ended June 30, 2025 and 2024, respectively, on the basis of financial information provided to the Charter School under the New York City Rental Assistance Program. There were no associated donor restrictions with the contributed facility.

See the table below for program utilization:

<u>Program or Supporting Service</u>	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Regular education	\$ 4,142,402	\$ 4,206,370
Special education	781,556	758,227
Management and general	450,520	309,245
Fundraising and special events	47,937	77,293
	<u>\$ 5,422,415</u>	<u>\$ 5,351,135</u>

NOTE D: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Furniture and fixtures	\$ 846,953	\$ 846,953
Computer equipment	<u>3,550,215</u>	<u>3,288,327</u>
	4,397,168	4,135,280
Less accumulated depreciation	<u>3,817,614</u>	<u>3,349,349</u>
	<u>\$ 579,554</u>	<u>\$ 785,931</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

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

NOTE E: LEASES

The Charter School leases office equipment under certain non-cancelable finance lease agreements expiring through February 2029. As of June 30, 2025, monthly payments on the finance leases approximate \$14,100 per month.

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

	<u>Statement of Financial</u>	<u>June 30,</u>	
	<u>Position Classification</u>	<u>2025</u>	<u>2024</u>
<u>Assets</u>			
Finance Leases	Other assets	<u>\$ 326,620</u>	<u>\$ 413,689</u>
<u>Liabilities</u>			
Current:			
Finance Leases	Current liabilities	\$ 156,074	\$ 140,998
Non-current:			
Finance Leases	Other liabilities	<u>253,318</u>	<u>377,742</u>
		<u>\$ 409,392</u>	<u>\$ 518,740</u>

The components of lease expense are as follows:

	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Finance lease cost:		
Amortization of right-of-use assets	\$ 126,047	\$ 118,197
Interest on lease liabilities	<u>18,586</u>	<u>22,829</u>
Total finance lease costs	<u>\$ 144,633</u>	<u>\$ 141,026</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

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

NOTE E: LEASES, Cont'd

As of June 30, 2025, minimum payments due for lease liabilities for future years are as follows:

	<u>Year ending June 30,</u>	<u>Finance leases</u>
	2026	\$ 168,885
	2027	168,885
	2028	88,112
	2029	<u>3,841</u>
	Total lease payments	<u>429,723</u>
Less: interest		<u>(20,331)</u>
	Present value of lease liabilities	<u>\$ 409,392</u>

Supplemental information:

	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for finance leases	\$ 18,941	\$ 23,272
Financing cash flows for finance leases	\$ 147,096	\$ 135,116
Right-of-use assets obtained in exchange for new lease liabilities (non-cash):		
Finance leases	\$ 38,103	\$ -
Weighted-average remaining lease term:		
Finance leases	2.56 years	3.50 years
Weighted-average discount rate:		
Finance leases	3.95%	3.94%

NOTE F: RETIREMENT PLAN

The Charter School sponsors a 403(b) retirement plan (the "Plan") for its employees. All employees of the Charter School are eligible to participate. The Charter School matches 100% of the employee's contributions up to \$2,520 per year. During the years ended June 30, 2025 and 2024, the Charter School contributed approximately \$349,000 and \$304,000, respectively, to the Plan.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

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

NOTE G: 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 H: CONCENTRATIONS

At June 30, 2025 and 2024, accounts receivable and grants and contracts receivables are comprised of the following:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Federal Government	57%	92%
Mount Vernon	20%	-

During the years ended June 30, 2025 and 2024, approximately 73% and 69% of total operating revenue and support came from per-pupil funding provided by 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 I: NET ASSETS

Net assets without donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Undesignated	\$ 16,514,893	\$ 14,100,605
Invested in property and equipment	<u>579,554</u>	<u>785,931</u>
	<u>\$ 17,094,447</u>	<u>\$ 14,886,536</u>

Net assets with donor restrictions consisted of the following:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Scholarship fund	<u>\$ 34,770</u>	<u>\$ 29,870</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

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

NOTE J: 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 K: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The Elementary and Secondary School Emergency Relief Fund (ESSER Fund) was established to award grants to state and local educational agencies. The Charter School has recognized approximately \$593,200 and \$2,385,100 of revenue relative to ESSER grants during the years ended June 30, 2025 and 2024, respectively.

NOTE L: ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses is as follows:

	June 30,	
	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 623,124	\$ 493,001
Provision for expected credit losses	-	150,123
Write-offs	-	(20,000)
Recoveries	<u>(130,123)</u>	<u>-</u>
Ending balance	<u>\$ 493,001</u>	<u>\$ 623,124</u>

NOTE M: INVESTMENTS

The Charter School did not have any investments at June 30, 2024. Investments consist of the following at June 30, 2025:

	<u>Cost</u>	<u>Net Unrealized Gains</u>	<u>Aggregate Fair Value</u>
<u>June 30, 2025</u>			
Equities	\$ 2,212,461	\$ 461,174	\$ 2,673,635
Fixed Income ETFs	<u>4,740,899</u>	<u>57,107</u>	<u>4,798,006</u>
	<u>\$ 6,953,360</u>	<u>\$ 518,281</u>	<u>\$ 7,471,641</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

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

NOTE N: FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America (“GAAP”) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025:

Equites: Valued at the closing price reported on the active market on which the individual funds are traded.

Fixed Income: Valued at the closing price reported on the active market on which the individual funds are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Charter School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

NOTES TO FINANCIAL STATEMENTS, Cont'd

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

NOTE N: FAIR VALUE MEASUREMENTS, Cont'd

The following table presents the financial instruments measured at fair value on a recurring basis at June 30, 2025:

<u>June 30, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities:				
U.S. large cap	\$ 2,073,281	\$ -	\$ -	\$ 2,073,281
Foreign	600,354	-	-	600,354
Fixed Income:				
Bond ETFs - U.S. index	1,588,184	-	-	1,588,184
Bond ETFs - U.S. treasury	75,946	-	-	75,946
Bond ETFs - global index	3,133,876	-	-	3,133,876
Total assets at fair value	<u>\$ 7,471,641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,471,641</u>

The Charter School did not hold any financial instruments at June 30, 2024.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

OTHER FINANCIAL INFORMATION



BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
Bronx Charter School for Better Learning

We have audited the financial statements of Bronx Charter School for Better Learning as of and for the year ended June 30, 2025, and we 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, as a whole.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 30, 2025

- 25 -

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY CHARTER

YEAR ENDED JUNE 30, 2025

	<u>Bronx Charter School for Better Learning I</u>	<u>Bronx Charter School for Better Learning II</u>	<u>Eliminations</u>	<u>Total</u>
Revenue, gains, and other support:				
Public school district:				
Resident student enrollment	\$ 10,142,806	\$ 7,821,924	\$ -	\$ 17,964,730
Students with disabilities	751,084	635,765	-	1,386,849
Grants and contracts:				
State and local	183,996	-	-	183,996
Federal - Title and IDEA	384,898	299,698	-	684,596
Federal - other	474,640	304,286	-	778,926
Contributed rent	<u>3,039,030</u>	<u>2,383,385</u>	<u>-</u>	<u>5,422,415</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT	14,976,454	11,445,058	-	26,421,512
Expenses:				
Program services:				
Regular education	10,710,765	8,521,501	-	19,232,266
Special education	<u>2,024,291</u>	<u>1,540,519</u>	<u>-</u>	<u>3,564,810</u>
Total program services	12,735,056	10,062,020	-	22,797,076
Management and general	1,181,344	1,182,348	-	2,363,692
Fundraising and special events	<u>108,341</u>	<u>108,812</u>	<u>-</u>	<u>217,153</u>
TOTAL OPERATING EXPENSES	<u>14,024,741</u>	<u>11,353,180</u>	<u>-</u>	<u>25,377,921</u>
SURPLUS FROM SCHOOL OPERATIONS	951,713	91,878	-	1,043,591
Support and other revenue:				
Contributions:				
Foundations	1,309	-	-	1,309
Individuals	27,844	26,350	-	54,194
Interest income	552,552	-	-	552,552
Realized gains	3,089	-	-	3,089
Unrealized gains	518,281	-	-	518,281
Miscellaneous income	<u>25,572</u>	<u>14,223</u>	<u>-</u>	<u>39,795</u>
TOTAL SUPPORT AND OTHER REVENUE	<u>1,128,647</u>	<u>40,573</u>	<u>-</u>	<u>1,169,220</u>
CHANGE IN NET ASSETS	2,080,360	132,451	-	2,212,811
Net assets at beginning of year	<u>7,613,449</u>	<u>7,302,957</u>	<u>-</u>	<u>14,916,406</u>
NET ASSETS AT END OF YEAR	<u>\$ 9,693,809</u>	<u>\$ 7,435,408</u>	<u>\$ -</u>	<u>\$ 17,129,217</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF FUNCTIONAL EXPENSES – BRONX CHARTER SCHOOL FOR BETTER LEARNING I

YEAR ENDED JUNE 30, 2025

	No. of Positions	Program Services			Supporting Services			Total
		Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	
Personnel services costs:								
Administrative staff personnel	6	\$ 38,985	\$ 19,493	\$ 58,478	\$ 325,697	\$ 51,167	\$ 376,864	\$ 435,342
Instructional personnel	79	4,922,949	962,220	5,885,169	-	-	-	5,885,169
Non-instructional personnel	11	668,306	98,263	766,569	177,012	7,051	184,063	950,632
Total personnel services costs	96	5,630,240	1,079,976	6,710,216	502,709	58,218	560,927	7,271,143
Fringe benefits and payroll taxes		1,300,400	249,439	1,549,839	116,109	13,446	129,555	1,679,394
Retirement		169,984	32,606	202,590	15,177	1,758	16,935	219,525
Legal service		-	-	-	25,088	-	25,088	25,088
Accounting / audit services		-	-	-	44,551	-	44,551	44,551
Other purchased / professional / consulting services		220,512	38,107	258,619	159,560	1,898	161,458	420,077
In-kind rent		2,353,189	451,393	2,804,582	210,121	24,327	234,448	3,039,030
Repairs and maintenance		7,973	1,488	9,461	1,063	106	1,169	10,630
Insurance		77,709	14,906	92,615	6,938	804	7,742	100,357
Utilities		125,625	24,097	149,722	11,217	1,299	12,516	162,238
Supplies and materials		111,266	13,272	124,538	3,578	414	3,992	128,530
Non-capitalized equipment/furnishings		1,292	248	1,540	115	13	128	1,668
Staff development		79,992	15,344	95,336	7,142	827	7,969	103,305
Marketing and recruitment		41,418	3,249	44,667	31,066	-	31,066	75,733
Technology		32,827	6,297	39,124	2,931	339	3,270	42,394
Food service		9,855	1,890	11,745	880	102	982	12,727
Student services		112,405	8,818	121,223	-	-	-	121,223
Office expense		136,075	26,101	162,176	12,150	1,407	13,557	175,733
Depreciation and amortization		328,858	62,595	391,453	33,528	3,682	37,210	428,663
Interest		32,069	6,151	38,220	2,863	332	3,195	41,415
Credit loss recovery		(71,969)	(13,805)	(85,774)	(6,426)	(745)	(7,171)	(92,945)
Other		11,045	2,119	13,164	984	114	1,098	14,262
		<u>\$ 10,710,765</u>	<u>\$ 2,024,291</u>	<u>\$ 12,735,056</u>	<u>\$ 1,181,344</u>	<u>\$ 108,341</u>	<u>\$ 1,289,685</u>	<u>\$ 14,024,741</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

STATEMENT OF FUNCTIONAL EXPENSES – BRONX CHARTER SCHOOL FOR BETTER LEARNING II

YEAR ENDED JUNE 30, 2025

	No. of Positions	Program Services			Supporting Services			Total
		Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	
Personnel services costs:								
Administrative staff personnel	6	\$ 52,265	\$ 26,133	\$ 78,398	\$ 435,926	\$ 53,823	\$ 489,749	\$ 568,147
Instructional personnel	61	3,792,093	723,577	4,515,670	-	-	-	4,515,670
Non-instructional personnel	10	767,366	101,292	868,658	183,708	7,031	190,739	1,059,397
Total personnel services costs	77	4,611,724	851,002	5,462,726	619,634	60,854	680,488	6,143,214
Fringe benefits and payroll taxes		1,218,401	224,832	1,443,233	163,705	16,078	179,783	1,623,016
Retirement		97,115	17,921	115,036	13,048	1,281	14,329	129,365
Legal service		-	-	-	2,655	-	2,655	2,655
Accounting / audit services		-	-	-	41,450	-	41,450	41,450
Other purchased / professional / consulting services		163,072	25,049	188,121	42,845	1,559	44,404	232,525
In-kind rent		1,789,213	330,163	2,119,376	240,399	23,610	264,009	2,383,385
Repairs and maintenance		9,804	1,830	11,634	1,307	131	1,438	13,072
Insurance		35,839	6,613	42,452	4,815	473	5,288	47,740
Utilities		64,172	11,842	76,014	8,622	847	9,469	85,483
Supplies and materials		70,912	7,134	78,046	2,402	236	2,638	80,684
Non-capitalized equipment/furnishings		3,043	562	3,605	409	40	449	4,054
Staff development		46,210	8,527	54,737	6,209	610	6,819	61,556
Marketing and recruitment		44,963	4,759	49,722	1,803	177	1,980	51,702
Technology		14,706	-	14,706	-	-	-	14,706
Food service		13,374	2,468	15,842	1,797	176	1,973	17,815
Student services		131,309	9,500	140,809	-	-	-	140,809
Office expense		93,100	17,180	110,280	12,510	1,229	13,739	124,019
Depreciation and amortization		124,353	22,947	147,300	16,708	1,641	18,349	165,649
Credit loss recovery		(27,909)	(5,150)	(33,059)	(3,750)	(369)	(4,119)	(37,178)
Other		18,100	3,340	21,440	5,780	239	6,019	27,459
		<u>\$ 8,521,501</u>	<u>\$ 1,540,519</u>	<u>\$10,062,020</u>	<u>\$ 1,182,348</u>	<u>\$ 108,812</u>	<u>\$ 1,291,160</u>	<u>\$11,353,180</u>

BRONX CHARTER SCHOOL FOR BETTER LEARNING

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
Bronx Charter School for Better Learning

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 Bronx Charter School for Better Learning, which comprise the statement of financial position as of June 30, 2025 and the related statements of activities and changes in net 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.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bronx Charter School for Better Learning’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 Bronx Charter School for Better Learning’s internal control. Accordingly, we do not express an opinion on the effectiveness of Bronx Charter School for Better Learning’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 Bronx Charter School for Better Learning'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 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, Baw & Co. LLP

Rochester, New York
October 30, 2025

BRONX CHARTER SCHOOL FOR BETTER LEARNING

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2025

FINDINGS – FINANCIAL STATEMENT AUDIT

- NONE

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Finding 2024-001

Identification of the Federal Program

U.S. Department of Education:

AL 84.425D ESSER II – Elementary and Secondary School Emergency Relief Fund & AL 84.425U ARP
ESSER – American Rescue Plan - Elementary and Secondary School Emergency Relief

Passed through New York State Education Department – as shown on the Schedule of Federal Expenditures

Compliance Requirement: Reporting

Criteria

The Charter School is required to submit an annual report to New York State Education Department - the Education Stabilization Fund Annual Reporting - to provide required information which is then utilized by NYSED to complete the U.S. Department of Education ESF – ESSER Recipient Data Collection Form. A critical component of this report is the accurate reporting of the Charter School’s number of positions supported with ESSER funds and expenditures by ESSER subgrant and accounting object for the period from July 1, 2022, to June 30, 2023, and was required to be filed by February 15, 2024. In accordance with the instructions for completing the form, expenditures are defined as the reimbursement payments received by the Charter School during the reporting period.

Statement of condition and cause

During our audit, we noted the Charter School inaccurately reported expenditures on the Education Stabilization Fund Annual Reporting for the period from July 1, 2022 to June 30, 2023 as a result of reporting the expenditures during the reporting period for ESSER II under the ESSER I column. We also noted that ESSER III Set-Aside expenditures were reported, however, there were no ESSER III expenditures during the reporting period. Furthermore, the U.S. Department of Education ESF – ESSER Recipient Data Collection Form was filed late, on February 24, 2024. Management’s internal controls over compliance with respect to this report did not allow management to detect and correct the error on a timely basis.

Effect

As a result, the information reported to the pass-through entity (NYSED) on the Education Stabilization Fund Annual Reporting was incorrect. This could lead to errors in the amounts ultimately reported to the U.S. Department of Education by NYSED.

BRONX CHARTER SCHOOL FOR BETTER LEARNING

SCHEDULE OF FINDINGS AND RESPONSES, Cont'd

YEAR ENDED JUNE 30, 2025

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES, Cont'd

Finding 2024-001, Cont'd

Questioned Costs

N/A

Repeat Finding

No

Recommendation

We recommend the Charter School implement procedures to ensure the reporting of expenditures is accurate in the Education Stabilization Fund Annual Reporting. This will ensure the information is shown in accordance with the instructions for the NYSED report and the related U.S. Department of Education requirements.

Management response

We agree with the finding and recommendation. We will implement procedures to ensure that future reporting of expenditures on this required report is accurate.

Status

During our 2025 audit, we noted the Charter School accurately reported expenditures on the Education Stabilization Fund Annual Reporting for the period from July 1, 2023 to June 30, 2024 using the amount of reimbursement payments received rather than the accrual basis of accounting.