

BRONX CHARTER SCHOOL FOR EXCELLENCE

BRONX, NEW YORK

AUDITED FINANCIAL STATEMENTS

**REPORT REQUIRED BY GOVERNMENT
AUDITING STANDARDS**

OTHER FINANCIAL INFORMATION

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2025

(With Comparative Totals for 2024)



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Bronx Charter School for Excellence

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bronx Charter School for Excellence 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 Excellence 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 the *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 Excellence and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bronx Charter School for Excellence'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 Excellence'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 Excellence's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Bronx Charter School for Excellence's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 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 24, 2025 on our consideration of Bronx Charter School for Excellence'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bronx Charter School for Excellence's internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 24, 2025

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

(With Comparative Totals for 2024)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 20,440,623	\$ 7,351,922
Grants and contracts receivable	1,830,987	9,193,802
Investments	22,202,827	21,200,467
Prepaid expenses	714,633	781,316
Due from related parties	<u>269,763</u>	<u>73,612</u>
TOTAL CURRENT ASSETS	45,458,833	38,601,119
<u>PROPERTY AND EQUIPMENT, net</u>	29,940,857	31,179,606
<u>OTHER ASSETS</u>		
Right-of-use assets - operating	101,953,328	95,380,725
Cash in escrow	225,000	225,000
Security deposits	<u>795,300</u>	<u>741,800</u>
	<u>102,973,628</u>	<u>96,347,525</u>
TOTAL ASSETS	<u>\$ 178,373,318</u>	<u>\$ 166,128,250</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Current portion of lease liabilities - operating	\$ 4,242,034	\$ 3,191,533
Accounts payable	794,803	526,991
Accrued expenses	544,543	198,926
Accrued payroll and benefits	4,974,078	5,349,004
Deferred revenue	2,992	7,206
Management fees due to charter management organization	<u>1,456,389</u>	<u>1,843,197</u>
TOTAL CURRENT LIABILITIES	12,014,839	11,116,857
<u>OTHER LIABILITIES</u>		
Long-term lease liabilities - operating	<u>104,499,675</u>	<u>97,562,921</u>
TOTAL LIABILITIES	116,514,514	108,679,778
<u>NET ASSETS, without donor restrictions</u>	<u>61,858,804</u>	<u>57,448,472</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 178,373,318</u>	<u>\$ 166,128,250</u>

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

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

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

	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Revenue, gains and other support:		
Public school district:		
Resident student enrollment	\$ 48,724,186	\$ 41,763,866
Students with disabilities	396,064	1,880,693
Grants and contracts:		
State and local	182,086	174,421
Federal - Title and IDEA	2,139,560	1,895,766
Federal - other	333,929	5,110,644
Food Service/Child Nutrition Program	1,392,651	1,326,320
NYC DoE Rental Assistance	<u>7,204,897</u>	<u>6,319,191</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT	60,373,373	58,470,901
Expenses:		
Program:		
Regular education	44,732,011	41,901,575
Special education	8,339,494	7,889,410
Management and general	<u>4,047,298</u>	<u>3,672,588</u>
TOTAL OPERATING EXPENSES	<u>57,118,803</u>	<u>53,463,573</u>
SURPLUS FROM SCHOOL OPERATIONS	3,254,570	5,007,328
Support and other revenue:		
Contributions:		
Foundations	2,800	139,002
Corporations	3,200	3,619
Investment income	1,149,233	876,846
Miscellaneous income	<u>529</u>	<u>203,929</u>
TOTAL SUPPORT AND OTHER REVENUE	<u>1,155,762</u>	<u>1,223,396</u>
CHANGE IN NET ASSETS	4,410,332	6,230,724
Net assets at beginning of year	<u>57,448,472</u>	<u>51,217,748</u>
NET ASSETS AT END OF YEAR	<u>\$ 61,858,804</u>	<u>\$ 57,448,472</u>

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

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF FUNCTIONAL EXPENSES

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

	Year ended June 30,						
	2025				2024		
	No. of Positions	Regular Education	Special Education	Sub-total	Supporting Services Management and general	Total	Total
Personnel Services Costs:							
Administrative staff personnel	65	\$ 3,707,739	\$ 1,235,911	\$ 4,943,650	\$ 1,235,911	\$ 6,179,561	\$ 5,709,485
Instructional personnel	167	14,014,369	2,153,109	16,167,478	120,882	16,288,360	16,032,292
Non-instructional personnel	21	573,089	191,030	764,119	191,030	955,149	438,463
Total salaries and wages	253	18,295,197	3,580,050	21,875,247	1,547,823	23,423,070	22,180,240
Payroll taxes and employee benefits		3,151,387	614,802	3,766,189	267,630	4,033,819	3,720,010
Retirement		517,954	101,527	619,481	43,844	663,325	489,044
Management fees		7,071,604	1,381,236	8,452,840	598,216	9,051,056	8,769,200
Legal fees		-	-	-	16,874	16,874	60,461
Audit/accounting fees		-	-	-	57,651	57,651	67,093
Professional services		2,800,374	370,028	3,170,402	299,234	3,469,636	2,781,257
Building and land rent		6,670,998	1,399,777	8,070,775	548,407	8,619,182	7,940,814
Repairs and maintenance		329,072	55,736	384,808	29,678	414,486	316,526
Insurance		-	-	-	291,403	291,403	251,528
Utilities		316,179	53,502	369,681	28,532	398,213	503,377
Curriculum and classroom supplies		1,278,145	124,199	1,402,344	-	1,402,344	1,522,065
Non-capitalized equipment and furnishings		202,669	35,761	238,430	15,698	254,128	329,166
Professional development		239,191	45,254	284,445	20,611	305,056	210,474
Student and staff recruitment		213,908	37,283	251,191	14,936	266,127	277,738
Technology		435,751	84,670	520,421	35,878	556,299	316,284
Food service		1,367,028	135,014	1,502,042	-	1,502,042	1,449,924
Student services		108,391	10,310	118,701	-	118,701	68,178
Office expenses		242,016	46,729	288,745	20,960	309,705	290,715
Interest expense		-	-	-	-	-	1,238
Depreciation and amortization		1,477,376	261,293	1,738,669	130,243	1,868,912	1,831,758
Other		14,771	2,323	17,094	79,680	96,774	86,483
		<u>\$ 44,732,011</u>	<u>\$ 8,339,494</u>	<u>\$ 53,071,505</u>	<u>\$ 4,047,298</u>	<u>\$ 57,118,803</u>	<u>\$ 53,463,573</u>

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

BRONX CHARTER SCHOOL FOR EXCELLENCE

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	\$ 4,410,332	\$ 6,230,724
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	1,868,912	1,831,758
Changes in certain assets and liabilities affecting operations:		
Grants and contracts receivable	7,362,815	(3,847,008)
Prepaid expenses	66,683	52,199
Due from related parties	(196,151)	(26,218)
Accounts payable	267,812	(357,605)
Accrued expenses	345,617	137,616
Accrued payroll and benefits	(374,926)	572,087
Deferred revenue	(4,214)	(340)
Management fees due to charter management organization	(386,808)	(157,167)
Operating lease liabilities, net of right-of-use assets	<u>1,414,652</u>	<u>1,685,668</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	14,774,724	6,121,714
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(630,163)	(490,527)
Security deposits	(53,500)	(50)
Purchases of investments	<u>(1,002,360)</u>	<u>(5,871,519)</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>(1,686,023)</u>	<u>(6,362,096)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	13,088,701	(240,382)
Cash and cash equivalents and restricted cash at beginning of year	<u>7,576,922</u>	<u>7,817,304</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	<u>\$ 20,665,623</u>	<u>\$ 7,576,922</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

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>		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 1,236</u>
<u>NON-CASH OPERATING AND INVESTING ACTIVITIES</u>		
Purchases of property and equipment included in accounts payable	<u>\$ -</u>	<u>\$ 18,464</u>
Right-of-use assets obtained in exchange for new lease liabilities	<u>\$ 11,764,835</u>	<u>\$ 348,939</u>
Reconciliation of cash and 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	\$ 20,440,623	\$ 7,351,922
Cash in escrow	<u>225,000</u>	<u>225,000</u>
	<u>\$ 20,665,623</u>	<u>\$ 7,576,922</u>

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

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS

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 Excellence (the “Charter School”) is an educational corporation operating as a charter school in the borough of the Bronx, New York. On April 29, 2003, the Board of Regents of the University of the State of New York granted Bronx Charter School for Excellence (“Bronx Excellence 1”) a provisional charter valid for a term of five years and renewable upon expiration. Bronx Excellence 1 was established to prepare young people from New York City to compete for admission to, and succeed in, top public, private and parochial schools by cultivating their intellectual, artistic, social, emotional, and ethical development. Bronx Excellence 1 offers a challenging and rigorous academic curriculum which, at the earliest of grades, has an eye towards college preparation for students in kindergarten through 8th grade.

On November 2, 2015, 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 2016 fiscal year, the Charter School added Bronx Charter School for Excellence 2 (“Bronx Excellence 2”) under its expanded charter. Bronx Excellence 2 was established to provide its students 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.

On March 24, 2017, the Board of Regents of the University of the State of New York amended the charter agreement permitting an additional 3 schools to be opened by the Charter School, Bronx Charter School for Excellence 3, 4, and 5. Bronx Excellence 3 opened in September 2017. Bronx Excellence 4 opened in September 2018. Bronx Excellence 5 opened in September 2019. These charter schools were established to provide its students 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.

On March 27, 2024, the Board of Regents of the University of the State of New York extended the provisional charter for a term of five years, aligning all charters through July 31, 2029.

The accompanying financial statements include the accounts of Bronx Excellence 1, Bronx Excellence 2, Bronx Excellence 3, Bronx Excellence 4 and Bronx Excellence 5 (collectively referred to as the “Charter School”). All intercompany balances and transactions have been eliminated in the accompanying financial statements.

Basis of accounting

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

Classification of net assets

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

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

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

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Charter School had no net assets with donor restrictions at June 30, 2025 or 2024.

Revenue and support 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 records substantially all revenues over time as follows:

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.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

Rental assistance

Facilities rental assistance funding is provided by the New York City Dept of Education (NYCDOE) to qualifying charter schools located in the five boroughs of NYC. In order to receive rental assistance funding, a charter school must have commenced instruction or added grade levels in the 2014-15 school year or thereafter and go through a space request process with the NYCDOE. If NYCDOE is not able to provide adequate space, the charter school can become eligible for rental assistance. Rental assistance is calculated as the lesser of 30% of the per-pupil tuition rate for NYC times the number of students enrolled, or actual total rental costs. As rental assistance is based on the number of students enrolled, revenue is recognized throughout the year as educational programming is provided to students.

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>
Grants and contracts receivable	\$ 27,310	\$ 171,172	\$ 429,638

Contributions

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

Contributions, including unconditional promises to give, are recognized as revenue in the period received. All donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, 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.

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 and amounted to \$2,992 and \$7,206 at June 30, 2025 and 2024, respectively. The Charter School received cost-reimbursement grants of approximately \$32,000 that have not been recognized at June 30, 2025, because qualifying expenditures have not yet been incurred.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

Cash and cash equivalents

Cash and cash equivalent balances are maintained at financial institutions located in the United States of America and are insured by the FDIC up to \$250,000 at each institution. The Charter School considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents consist of money market accounts. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash and cash equivalents.

Cash in escrow

The Charter School maintains cash in an escrow account in accordance with the terms of its charter agreement. The agreement requires a balance of \$225,000 be maintained to fund any audit and legal expenses incurred should the Charter School cease operations and dissolve. The amount in escrow was \$225,000 at both June 30, 2025 and 2024.

Investments

Investments consist of cash equivalents and are measured at fair value. At June 30, 2025 and 2024, the Charter School also invested into twelve certificates of deposit, with maturities ranging from three to twelve months and interest rates ranging from 3.15% to 3.73%.

Investment income includes interest, recorded on an accrual basis, dividends, net realized gains and losses, and net unrealized gains and losses, resulting from the change in prevailing market value of investments. Purchase and sales of investments are recorded on a trade-date basis.

Grants and other receivables

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

The Charter School uses historical loss data as a starting point to estimate expected credit losses, given consistent revenue sources since inception. There were write-offs of \$18,994 for the year ended June 30, 2025. There were no write-offs for the year ended June 30, 2024.

Property and equipment

Property and equipment are recorded at cost. The Charter School capitalizes all purchases of fixed assets in excess of \$5,000. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from 4 to 39 years. Leasehold improvements are being amortized over the shorter of the estimated useful life of the asset or the remaining term of the related lease.

Major renewals and betterments are capitalized, while repairs and maintenance are charged to operations as incurred. Upon sale or retirement, the related cost and allowances for depreciation are removed from the accounts and the related gain or loss is reflected in operations.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

Deferred revenue

The Charter School records grant revenue as deferred revenue until it is expended for the purpose of the grant, at which time it is recognized as revenue.

Leases

The Charter School leases its school facilities and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the accompanying statement of financial position. There were no finance 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 lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Charter School uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Charter School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

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

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

Tax exempt status

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

The Charter School files 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 will not recognize any liability for unrecognized tax benefits.

Contributed services

The Charter School receives contributed services from volunteers to develop its academic program and to serve on the Board of Trustees. In addition, the Charter School received donated transportation services, metro cards, funding for free and reduced-cost breakfasts, lunches and snacks, special education services and physical, occupational, and speech therapy that was also provided for the students from the local district. The Charter School is not able to determine a value for these services.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

Marketing and recruiting costs

The Charter School expenses marketing and recruiting costs as they are incurred. Total marketing and recruiting costs approximated \$266,000 and \$278,000 for the years ended June 30, 2025 and 2024, respectively.

Comparatives for year ended June 30, 2024

The financial statements include certain prior year summarized comparative information in total but not by 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.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 24, 2025, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE B: LIQUIDITY AND AVAILABILITY

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

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

In addition to financial assets available to meet general expenditures over the next 12 months, the Charter School operates with a surplus 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	\$ 20,440,623	\$ 7,351,922
Grants and contracts receivable	1,830,987	9,193,802
Investments	22,202,827	21,200,467
Due from related parties	<u>269,763</u>	<u>73,612</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 44,744,200</u>	<u>\$ 37,819,803</u>

NOTE C: RELATED PARTY TRANSACTIONS

Excellence Community Schools, Inc. ("Excellence"), a not-for-profit organization dedicated to helping start and run charter schools, provides management and other administrative support services to the Charter School. The Charter School entered into an educational services agreement with Excellence whereby Excellence will provide the Charter School with services related to education and instruction, business operations, human resources and employment. In turn, Excellence shall be paid a fee equal to 15% of all public revenues received by the Charter School during the fiscal year. This agreement is extended through the Charter term, currently July 2029. The Charter School incurred fees of approximately \$9,051,000 and \$8,769,000 for the years ended June 30, 2025 and 2024, respectively.

At June 30, 2025 and 2024, approximately \$1,456,000 and \$1,843,000, respectively, of fees were accrued in management fees due to charter management organization on the accompanying statement of financial position.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE C: RELATED PARTY TRANSACTIONS, Cont'd

Approximately \$194,600 and \$72,100 is due to the Charter School from Excellence for expenses that are to be reimbursed by Excellence after June 30, 2025 and 2024, respectively. These amounts are included in due from related parties on the accompanying statement of financial position at June 30, 2025 and 2024. In addition, the Charter School has formalized sub-lease agreements for four facilities with Excellence. See Note D for more details.

Stamford Charter School for Excellence (“Stamford”) is an educational corporation that operates as a charter school in Stamford, Connecticut. Approximately \$75,200 and \$1,500 is due to the Charter School from Stamford for expenses that are to be reimbursed by Stamford after June 30, 2025 and 2024, respectively. These amounts are included in due from related parties on the accompanying statement of financial position at June 30, 2025 and 2024.

NOTE D: LEASES

The Charter School leases the facility for the Bronx Excellence 2 location. Effective July 1, 2016, the Charter School assigned the lease to Excellence. The sub-lease agreement between the Charter School and Excellence was finalized February 7, 2018 under the same terms of the original lease agreement. The lease term was through June 30, 2021. The Charter School renegotiated a one-year lease, signed March 2022 covering the period July 1, 2021 through June 30, 2022. In March 2024, the lease was extended through June 30, 2024. Effective July 1, 2024, the lease was extended through June 30, 2038 with an additional five year option to extend the lease. The base rent is approximately \$87,900 per month for the year ended June 30, 2025. The lease has escalating payments throughout the term. The Charter School paid \$53,500 of security deposits relative to this agreement.

In July 2022, the Charter School entered into a sub-lease agreement with a single member LLC related to Excellence for the facility for the Bronx Excellence 2 Middle School location. The term of the lease began July 1, 2022 and goes through June 30, 2052. The base rent is approximately \$112,300 per month for the year ended June 30, 2025. The lease has escalating payments throughout the term.

In September 2017, the Charter School commenced the process to enter into a sub-lease agreement with Excellence for the facility for the Bronx Excellence 3 location. The sub-lease agreement was finalized as of February 7, 2018. The term of the lease began August 9, 2017 and goes through July 31, 2032. The base rent is approximately \$99,100 per month for the year ended June 30, 2025. The lease has escalating payments throughout the term.

In July 2019, the Charter School entered into a sub-lease agreement with a single member LLC related to Excellence for the facility for the Bronx Excellence 5 location. The term of the lease began July 1, 2019 and goes through June 30, 2039. The base rent is approximately \$106,300 per month for the year ended June 30, 2025. The lease has escalating payments throughout the term. The Charter School paid \$59,319 of security deposits relative to this agreement.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE D: LEASES, Cont'd

In August 2020, the Charter School entered into a sub-lease agreement with a single member LLC related to Excellence for the facility for the Bronx Excellence 4 location. The term of the lease began July 1, 2020 and goes through June 30, 2040. The base rent is approximately \$94,100 per month for the year ended June 30, 2025. The lease has escalating payments throughout the term. The Charter School paid \$530,000 of security deposits relative to this agreement.

In July 2022, the Charter School entered into a sub-lease agreement with a single member LLC related to Excellence for the facility for the Bronx Excellence 3 and 4 Middle School location. The term of the lease began July 1, 2022 and goes through June 30, 2037. The base rent is approximately \$100,900 per month for the year ended June 30, 2025. The lease has escalating payments throughout the term. The Charter School paid \$139,500 of security deposits relative to this agreement.

Total rental expense was approximately \$8,619,000 and \$7,941,000 for the years ended June 30, 2025 and 2024, respectively.

The Charter School also leases office equipment under non-cancelable lease agreements at a monthly cost of approximately \$17,900 that will expire at various dates through February 2029. Total equipment lease expense was approximately \$206,000 and \$202,500 for the years ended June 30, 2025 and 2024, respectively.

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

<u>Assets</u>	<u>Statement of Financial Position Classification</u>	<u>June 30,</u>	
		<u>2025</u>	<u>2024</u>
Right-of-use assets - operating	Other assets	<u>\$ 101,953,328</u>	<u>\$ 95,380,725</u>
<u>Liabilities</u>			
Current portion of lease liabilities - operating	Current liabilities	\$ 4,242,034	\$ 3,191,533
Long-term lease liabilities - operating	Other liabilities	<u>104,499,675</u>	<u>97,562,921</u>
		<u>\$ 108,741,709</u>	<u>\$ 100,754,454</u>

The components of lease expense were as follows:

	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Operating lease expense	<u>\$ 8,825,106</u>	<u>\$ 7,810,081</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE D: LEASES, Cont'd

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

	<u>Operating leases</u>
2026	\$ 7,661,931
2027	7,817,819
2028	7,973,949
2029	8,079,331
2030	8,295,488
Thereafter	<u>107,856,705</u>
	147,685,223
Less: interest	<u>(38,943,514)</u>
Present value of lease liabilities	<u>\$ 108,741,709</u>

Supplemental information is as follows:

	<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 paid for operating leases	\$ 7,322,541	\$ 6,118,236
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	\$ 11,764,835	\$ 348,939
Weighted-average remaining lease term:		
Operating leases	18.22 years	19.47 years
Weighted-average discount rate:		
Operating leases	3.22%	3.20%

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE E: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	June 30,	
	<u>2025</u>	<u>2024</u>
Land	\$ 914,772	\$ 914,772
Buildings	34,048,184	34,054,338
Furniture and fixtures	1,284,365	1,256,786
Computers and equipment	4,885,162	4,515,762
Leasehold improvements	3,406,387	3,220,326
Construction in progress	<u>53,277</u>	<u>-</u>
	44,592,147	43,961,984
Less accumulated depreciation and amortization	<u>14,651,290</u>	<u>12,782,378</u>
	<u>\$ 29,940,857</u>	<u>\$ 31,179,606</u>

Construction in progress at June 30, 2025 is comprised of building leasehold improvements not yet completed and put into service. Construction in progress is stated at cost. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into service.

Total depreciation and amortization expense was \$1,868,912 and \$1,831,758 for the years ended June 30, 2025 and 2024, respectively.

NOTE F: FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques to measure the 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 under FASB ASC 820-10 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.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE F: FAIR VALUE MEASUREMENTS, Cont'd

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 measurements.

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 and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2025 or 2024 :

Certificates of deposit: Fair values are calculated based on the exact runoff of principal for each CD in each category given its contractual maturity, discounted at an appropriate term rate.

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.

The following table sets forth by level, within the fair value hierarchy; the Charter School's investment assets measured at fair value on a recurring basis as of:

	<u>Assets at Fair Value</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>June 30, 2025</u>				
Certificates of deposit	\$ -	\$ 22,202,827	\$ -	\$ 22,202,827
Total assets at fair value	<u>\$ -</u>	<u>\$ 22,202,827</u>	<u>\$ -</u>	<u>\$ 22,202,827</u>
<u>June 30, 2024</u>				
Certificates of deposit	\$ -	\$ 21,200,467	\$ -	\$ 21,200,467
Total assets at fair value	<u>\$ -</u>	<u>\$ 21,200,467</u>	<u>\$ -</u>	<u>\$ 21,200,467</u>

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the risk associated with investment securities, it is at least reasonably possible that changes in risk could materially affect the accompanying financial statements.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE G: RETIREMENT PLAN

The Charter School sponsors a defined contribution 403(b) plan covering all eligible employees. The Charter School matches up to 5% of each employee's annual compensation not to exceed the employee's salary deferral amount. The Charter School may also elect to make additional contributions to the plan on a discretionary basis. The Charter School made contributions of approximately \$663,000 and \$489,000 for the years ended June 30, 2025 and 2024, respectively.

NOTE H: 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 I: CONCENTRATIONS

At June 30, 2025, approximately 97% of grants and contracts receivable are due from the Federal government, relating to certain grants. For the year ended June 30, 2025, 92% 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.

At June 30, 2024, approximately 98% of grants and contracts receivables are due from the Federal government, relating to certain grants. For the year ended June 30, 2024, 84% 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 J: NET ASSETS

Net assets without donor restrictions are as follows:

	June 30,	
	<u>2025</u>	<u>2024</u>
Undesignated	\$ 31,917,947	\$ 26,268,866
Invested in property and equipment, net of related debt	<u>29,940,857</u>	<u>31,179,606</u>
	<u>\$ 61,858,804</u>	<u>\$ 57,448,472</u>

NOTE K: 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.

BRONX CHARTER SCHOOL FOR EXCELLENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE L: ACCOUNTING IMPACT OF COVID-19

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which included 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 \$167,000 and \$4,857,000 of revenue relative to ESSER grants during the years ended June 30, 2025 and 2024, respectively. As of September 2024, the Charter School no longer has ESSER grants available for expenditure.

BRONX CHARTER SCHOOL FOR EXCELLENCE

OTHER FINANCIAL INFORMATION



BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
Bronx Charter School for Excellence

We have audited the financial statements of Bronx Charter School for Excellence as of and for the year ended June 30, 2025, and have issued our report thereon dated October 24, 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 2025 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, Barw & Co. LLP

Rochester, New York
October 24, 2025

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF ACTIVITIES BY CHARTER

YEAR ENDED JUNE 30, 2025

	<u>Bronx Excellence 1</u>	<u>Bronx Excellence 2</u>	<u>Bronx Excellence 3</u>	<u>Bronx Excellence 4</u>	<u>Bronx Excellence 5</u>	<u>Total</u>
Revenue, gains and other support:						
Public school district:						
Resident student enrollment	\$ 14,997,674	\$ 9,701,642	\$ 9,500,167	\$ 8,512,191	\$ 6,012,512	\$ 48,724,186
Students with disabilities	131,344	57,147	150,884	29,335	27,354	396,064
Grants and contracts:						
State and local	59,774	36,244	37,458	27,807	20,803	182,086
Federal - Title and IDEA	657,772	391,625	377,932	382,179	330,052	2,139,560
Federal - other	43,652	45,437	18,594	80,456	145,790	333,929
Food service / Child nutrition program	403,279	231,359	265,893	310,126	181,994	1,392,651
NYC DoE Rental Assistance	-	2,402,314	1,961,837	1,565,222	1,275,524	7,204,897
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>16,293,495</u>	<u>12,865,768</u>	<u>12,312,765</u>	<u>10,907,316</u>	<u>7,994,029</u>	<u>60,373,373</u>
Expenses:						
Program:						
Regular education	11,949,366	10,024,079	9,487,814	7,437,324	5,833,428	44,732,011
Special education	1,741,040	1,988,662	1,878,773	1,426,360	1,304,659	8,339,494
Management and general	1,136,239	912,126	860,772	638,786	499,375	4,047,298
TOTAL OPERATING EXPENSES	<u>14,826,645</u>	<u>12,924,867</u>	<u>12,227,359</u>	<u>9,502,470</u>	<u>7,637,462</u>	<u>57,118,803</u>
SURPLUS (DEFICIT) FROM SCHOOL OPERATIONS	1,466,850	(59,099)	85,406	1,404,846	356,567	3,254,570
Support and other revenue:						
Contributions:						
Foundations	300	2,500	-	-	-	2,800
Corporations	1,200	2,000	-	-	-	3,200
Investment income	1,149,233	-	-	-	-	1,149,233
Miscellaneous income	529	-	-	-	-	529
TOTAL SUPPORT AND OTHER REVENUE	<u>1,151,262</u>	<u>4,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,155,762</u>
CHANGE IN NET ASSETS	2,618,112	(54,599)	85,406	1,404,846	356,567	4,410,332
Net assets at beginning of year	26,962,773	8,802,983	11,702,390	6,419,802	3,560,524	57,448,472
NET ASSETS AT END OF YEAR	<u>\$ 29,580,885</u>	<u>\$ 8,748,384</u>	<u>\$ 11,787,796</u>	<u>\$ 7,824,648</u>	<u>\$ 3,917,091</u>	<u>\$ 61,858,804</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER – BRONX EXCELLENCE 1

YEAR ENDED JUNE 30, 2025

	No. of Positions	Program Services			Supporting Services	Total
		Regular Education	Special Education	Sub-total	Management and general	
Personnel Services Costs:						
Administrative staff personnel	16	\$ 922,145	\$ 307,381	\$ 1,229,526	\$ 307,381	\$ 1,536,907
Instructional personnel	44	4,022,761	451,874	4,474,635	120,882	4,595,517
Non-instructional personnel	4	104,210	34,737	138,947	34,737	173,684
Total salaries and wages	64	5,049,116	793,992	5,843,108	463,000	6,306,108
Payroll taxes and employee benefits		880,245	138,422	1,018,667	80,718	1,099,385
Retirement		133,599	21,009	154,608	12,251	166,859
Management fees		1,955,058	307,440	2,262,498	179,277	2,441,775
Legal fees		-	-	-	2,116	2,116
Audit/accounting fees		-	-	-	14,858	14,858
Professional services		1,191,066	128,616	1,319,682	89,961	1,409,643
Repairs and maintenance		255,439	40,169	295,608	23,424	319,032
Insurance		-	-	-	87,408	87,408
Utilities		244,234	38,407	282,641	22,396	305,037
Curriculum and classroom supplies		409,360	28,001	437,361	-	437,361
Non-capitalized equipment and furnishings		83,971	12,584	96,555	7,060	103,615
Professional development		93,639	14,725	108,364	8,587	116,951
Student and staff recruitment		65,048	9,204	74,252	4,907	79,159
Technology		112,087	17,601	129,688	10,253	139,941
Food service		431,104	29,488	460,592	-	460,592
Student services		33,898	2,319	36,217	-	36,217
Office expenses		76,168	11,978	88,146	7,306	95,452
Depreciation and amortization		920,563	144,762	1,065,325	84,415	1,149,740
Other		14,771	2,323	17,094	38,302	55,396
		<u>\$ 11,949,366</u>	<u>\$ 1,741,040</u>	<u>\$ 13,690,406</u>	<u>\$ 1,136,239</u>	<u>\$ 14,826,645</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER – BRONX EXCELLENCE 2

YEAR ENDED JUNE 30, 2025

	No. of Positions	Program Services			Supporting Services	Total
		Regular Education	Special Education	Sub-total	Management and general	
Personnel Services Costs:						
Administrative staff personnel	15	\$ 855,250	\$ 285,083	\$ 1,140,333	\$ 285,083	\$ 1,425,416
Instructional personnel	31	2,882,564	467,347	3,349,911	-	3,349,911
Non-instructional personnel	6	142,711	47,570	190,281	47,570	237,851
Total salaries and wages	52	3,880,525	800,000	4,680,525	332,653	5,013,178
Payroll taxes and employee benefits		632,109	130,314	762,423	54,187	816,610
Retirement		118,662	24,463	143,125	10,172	153,297
Management fees		1,493,318	307,859	1,801,177	128,013	1,929,190
Legal fees		-	-	-	1,311	1,311
Audit/accounting fees		-	-	-	13,974	13,974
Professional services		448,567	62,297	510,864	50,009	560,873
Building and land rent		2,526,181	520,791	3,046,972	216,554	3,263,526
Repairs and maintenance		771	159	930	66	996
Insurance		-	-	-	58,744	58,744
Utilities		4,173	860	5,033	358	5,391
Curriculum and classroom supplies		247,933	28,133	276,066	-	276,066
Non-capitalized equipment and furnishings		36,113	7,207	43,320	2,876	46,196
Professional development		39,702	8,185	47,887	3,403	51,290
Student and staff recruitment		33,318	6,808	40,126	2,800	42,926
Technology		80,339	15,685	96,024	6,076	102,100
Food service		222,852	25,287	248,139	-	248,139
Student services		31,158	3,536	34,694	-	34,694
Office expenses		54,704	11,278	65,982	4,689	70,671
Depreciation and amortization		173,654	35,800	209,454	14,886	224,340
Other		-	-	-	11,355	11,355
		<u>\$ 10,024,079</u>	<u>\$ 1,988,662</u>	<u>\$ 12,012,741</u>	<u>\$ 912,126</u>	<u>\$ 12,924,867</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER – BRONX EXCELLENCE 3

YEAR ENDED JUNE 30, 2025

	No. of Positions	Program Services			Supporting Services	Total
		Regular Education	Special Education	Sub-total	Management and general	
Personnel Services Costs:						
Administrative staff personnel	14	\$ 812,608	\$ 270,869	\$ 1,083,477	\$ 270,869	\$ 1,354,346
Instructional personnel	40	2,898,121	488,016	3,386,137	-	3,386,137
Non-instructional personnel	7	189,151	63,050	252,201	63,050	315,251
Total salaries and wages	61	3,899,880	821,935	4,721,815	333,919	5,055,734
Payroll taxes and employee benefits		762,590	160,723	923,313	65,295	988,608
Retirement		111,175	23,431	134,606	9,519	144,125
Management fees		1,424,148	300,152	1,724,300	121,940	1,846,240
Legal fees		-	-	-	5,264	5,264
Audit/accounting fees		-	-	-	14,023	14,023
Professional services		504,651	64,701	569,352	51,839	621,191
Building and land rent		1,606,152	338,511	1,944,663	137,524	2,082,187
Repairs and maintenance		68,566	14,451	83,017	5,871	88,888
Insurance		-	-	-	60,313	60,313
Utilities		63,340	13,350	76,690	5,423	82,113
Curriculum and classroom supplies		269,791	21,475	291,266	-	291,266
Non-capitalized equipment and furnishings		41,527	7,571	49,098	2,785	51,883
Professional development		55,036	11,599	66,635	4,712	71,347
Student and staff recruitment		57,555	8,981	66,536	2,871	69,407
Technology		112,377	23,591	135,968	9,561	145,529
Food services		276,575	22,015	298,590	-	298,590
Student services		23,829	1,897	25,726	-	25,726
Office expenses		47,753	10,064	57,817	4,089	61,906
Depreciation and amortization		162,869	34,326	197,195	13,945	211,140
Other		-	-	-	11,879	11,879
		<u>\$ 9,487,814</u>	<u>\$ 1,878,773</u>	<u>\$ 11,366,587</u>	<u>\$ 860,772</u>	<u>\$ 12,227,359</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER – BRONX EXCELLENCE 4

YEAR ENDED JUNE 30, 2025

	No. of Positions	Program Services			Supporting Services	Total
		Regular Education	Special Education	Sub-total	Management and general	
Personnel Services Costs:						
Administrative staff personnel	10	\$ 653,713	\$ 217,904	\$ 871,617	\$ 217,904	\$ 1,089,521
Instructional personnel	27	2,244,467	352,940	2,597,407	-	2,597,407
Non-instructional personnel	2	57,005	19,002	76,007	19,002	95,009
Total salaries and wages	39	2,955,185	589,846	3,545,031	236,906	3,781,937
Payroll taxes and employee benefits		519,480	103,687	623,167	41,645	664,812
Retirement		93,379	18,638	112,017	7,486	119,503
Management fees		1,277,910	255,067	1,532,977	102,445	1,635,422
Legal fees		-	-	-	4,169	4,169
Audit/accounting fees		-	-	-	7,555	7,555
Professional services		366,063	58,847	424,910	42,850	467,760
Building and land rent		1,380,481	275,540	1,656,021	110,668	1,766,689
Repairs and maintenance		885	177	1,062	71	1,133
Insurance		-	-	-	47,373	47,373
Utilities		4,432	885	5,317	355	5,672
Curriculum and classroom supplies		221,591	25,029	246,620	-	246,620
Non-capitalized equipment and furnishings		27,116	5,279	32,395	2,050	34,445
Professional development		30,154	6,019	36,173	2,417	38,590
Student and staff recruitment		30,956	6,147	37,103	2,452	39,555
Technology		72,616	14,479	87,095	5,808	92,903
Food service		270,008	30,498	300,506	-	300,506
Student services		12,882	1,455	14,337	-	14,337
Office expenses		37,455	7,476	44,931	3,003	47,934
Depreciation and amortization		136,731	27,291	164,022	10,961	174,983
Other		-	-	-	10,572	10,572
		<u>\$ 7,437,324</u>	<u>\$ 1,426,360</u>	<u>\$ 8,863,684</u>	<u>\$ 638,786</u>	<u>\$ 9,502,470</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER – BRONX EXCELLENCE 5

YEAR ENDED JUNE 30, 2025

	No. of Positions	Program Services			Supporting Services	Total
		Regular Education	Special Education	Sub-total	Management and general	
Personnel Services Costs:						
Administrative staff personnel	10	\$ 464,023	\$ 154,674	\$ 618,697	\$ 154,674	\$ 773,371
Instructional personnel	25	1,966,456	392,932	2,359,388	-	2,359,388
Non-instructional personnel	2	80,012	26,671	106,683	26,671	133,354
Total salaries and wages	37	2,510,491	574,277	3,084,768	181,345	3,266,113
Payroll taxes and employee benefits		356,963	81,656	438,619	25,785	464,404
Retirement		61,139	13,986	75,125	4,416	79,541
Management fees		921,170	210,718	1,131,888	66,541	1,198,429
Legal fees		-	-	-	4,014	4,014
Audit/accounting fees		-	-	-	7,241	7,241
Professional services		290,027	55,567	345,594	64,575	410,169
Building and land rent		1,158,184	264,935	1,423,119	83,661	1,506,780
Repairs and maintenance		3,411	780	4,191	246	4,437
Insurance		-	-	-	37,565	37,565
Utilities		-	-	-	-	-
Curriculum and classroom supplies		129,470	21,561	151,031	-	151,031
Non-capitalized equipment and furnishings		13,942	3,120	17,062	927	17,989
Professional development		20,660	4,726	25,386	1,492	26,878
Student and staff recruitment		27,031	6,143	33,174	1,906	35,080
Technology		58,332	13,314	71,646	4,180	75,826
Food service		166,489	27,726	194,215	-	194,215
Student service		6,624	1,103	7,727	-	7,727
Office expenses		25,936	5,933	31,869	1,873	33,742
Depreciation and amortization		83,559	19,114	102,673	6,036	108,709
Other		-	-	-	7,572	7,572
		<u>\$ 5,833,428</u>	<u>\$ 1,304,659</u>	<u>\$ 7,138,087</u>	<u>\$ 499,375</u>	<u>\$ 7,637,462</u>

BRONX CHARTER SCHOOL FOR EXCELLENCE

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 Excellence

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 Bronx Charter School for Excellence 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 24, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bronx Charter School for Excellence'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 Excellence's internal control. Accordingly, we do not express an opinion on the effectiveness of Bronx Charter School for Excellence'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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bronx Charter School for Excellence'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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses, as item 2025-001.

Bronx Charter School For Excellence's Response to Finding

Bronx Charter School for Excellence's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Bronx Charter School for Excellence's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 24, 2025

BRONX CHARTER SCHOOL FOR EXCELLENCE

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2025

FINDINGS – FINANCIAL STATEMENT AUDIT

Finding 2025-001

Statement of condition

During our audit, we noted the Charter School did not adhere to the terms of their charter agreement as one of the five schools' enrollment fell below 80% of the projected enrollment for the 2024-2025 academic year and written approval from NYSED was not obtained.

Criteria and effect of conditions

During our audit, we noted the Charter School's charter agreement requires the Charter School to obtain written approval from NYSED prior to commencing or continuing instruction when the total number of students enrolled is less than 80% of the projected enrollment for a given academic year. We noted Bronx Charter School for Excellence 5's enrollment was 75% of the projected enrollment for the 2024- 2025 academic year.

Recommendation

We recommend the Charter School obtain written approval from NYSED if enrollment falls below 80% of projected enrollment for a given academic year.

Management response

The Charter School will ensure to receive written approval should enrollment fall below 80% in future years.