

# **Brooklyn Prospect Charter School**

Financial Statements

June 30, 2025 and 2024

## Independent Auditors' Report

**Board of Trustees**  
**Brooklyn Prospect Charter School**

### Report on the Audit of the Financial Statements

#### *Opinion*

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

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

#### *Basis for Opinion*

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

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

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Brooklyn Prospect Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Brooklyn Prospect Charter School's ability to continue as a going concern for a reasonable period of time.

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

**Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of activities and functional expenses by charter, for the year ended June 30, 2025 on pages 20 through 24 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2025, on our consideration of Brooklyn Prospect Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Brooklyn Prospect Charter School's 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 Brooklyn Prospect Charter School's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Harrison, New York  
October 31, 2025

## Brooklyn Prospect Charter School

### Statements of Financial Position

	June 30,	
	2025	2024
<b>ASSETS</b>		
Current Assets		
Cash	\$ 2,087,529	\$ 3,707,725
Investments	7,738,693	6,229,512
Grants and contracts receivable	1,309,159	1,728,709
Due from related parties, net	282,163	-
Prepaid expenses and other current assets	171,355	30,132
Total Current Assets	11,588,899	11,696,078
Property and equipment, net	7,522,296	7,517,825
Right of use assets - operating leases, net	282,074,792	243,228,864
Right of use assets - financing leases, net	765,619	1,007,692
Restricted cash	200,173	200,133
Security deposits	2,916,315	2,916,315
	<b>\$ 305,068,094</b>	<b>\$ 266,566,907</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,096,258	\$ 672,080
Due to related parties, net	-	62,227
Loan payable, current portion	560,000	510,000
Paycheck Protection Program loan payable, current portion	-	102,975
Operating lease liabilities, current portion	7,828,776	6,926,910
Financing lease liabilities, current portion	240,134	229,536
Total Current Liabilities	9,725,168	8,503,728
Loan payable	520,000	1,130,000
Operating lease liabilities	289,212,572	248,095,314
Financing lease liabilities	556,619	796,754
Total Liabilities	300,014,359	258,525,796
Net assets, without donor restrictions	5,053,735	8,041,111
	<b>\$ 305,068,094</b>	<b>\$ 266,566,907</b>

See notes to financial statements

## Brooklyn Prospect Charter School

### Statements of Activities

	Year Ended June 30,	
	2025	2024
<b>OPERATING REVENUE</b>		
State and local per pupil operating revenue		
General education	\$ 49,849,164	\$ 44,337,225
Special education	6,058,607	5,553,533
Facilities	14,354,109	13,073,544
Federal grants	1,050,004	2,490,085
Federal IDEA and E-Rate	515,464	528,192
State and city grants	811,567	1,095,721
Total Operating Revenue	72,638,915	67,078,300
<b>EXPENSES</b>		
Program Services		
Regular education	50,909,876	46,375,501
Special education	13,036,082	11,616,627
Total Program Services	63,945,958	57,992,128
Supporting Services		
Management and general	12,242,029	10,469,340
Fundraising	164,841	300,692
Total Expenses	76,352,828	68,762,160
(Deficit) from Operations	(3,713,913)	(1,683,860)
<b>SUPPORT AND OTHER REVENUE (EXPENSES)</b>		
Contributions from related party	160,407	88,484
Interest income	301,574	243,746
Contributions and private grants	-	467,720
Write-off of security deposits	-	(500,000)
Other income	264,556	272,703
Total Support and Other Revenue (Expenses)	726,537	572,653
Change in Net Assets	(2,987,376)	(1,111,207)
<b>NET ASSETS, WITHOUT DONOR RESTRICTIONS</b>		
Beginning of year	8,041,111	9,152,318
End of year	\$ 5,053,735	\$ 8,041,111

See notes to financial statements

**Brooklyn Prospect Charter School**

Statement of Functional Expenses  
Year Ended June 30, 2025

	No. of Positions	Program Services			Supporting Services		Total
		Regular Education	Special Education	Total	Management and General	Fundraising	
Personnel Services Costs							
Administrative staff personnel	69	\$ 5,176,237	\$ 1,413,477	\$ 6,589,714	\$ 1,784,366	\$ 32,213	\$ 8,406,293
Instructional personnel	281	18,089,168	4,686,853	22,776,021	-	-	22,776,021
Non-instructional personnel	<u>8</u>	<u>387,967</u>	<u>96,992</u>	<u>484,959</u>	<u>4,667</u>	<u>-</u>	<u>489,626</u>
Total Personnel Services Costs	<u><u>358</u></u>	<u>23,653,372</u>	<u>6,197,322</u>	<u>29,850,694</u>	<u>1,789,033</u>	<u>32,213</u>	<u>31,671,940</u>
Employee benefits and payroll taxes		6,012,912	1,503,228	7,516,140	449,609	8,116	7,973,865
Office expenses		619,582	154,896	774,478	136,279	563	911,320
Accounting and auditing		-	-	-	82,675	-	82,675
Legal fees		-	-	-	146,694	-	146,694
Payroll service		-	-	-	182,516	-	182,516
General and administrative consultants		199,409	49,851	249,260	100,006	-	349,266
Management fee		3,298,192	824,548	4,122,740	6,081,042	103,069	10,306,851
Other professional fees		548,817	152,202	701,019	10,613	192	711,824
Professional development		212,331	53,083	265,414	29,491	-	294,905
Student and staff special events		455,853	113,963	569,816	7,354	145	577,315
Curriculum and classroom		759,784	189,947	949,731	-	-	949,731
Insurance		-	-	-	419,866	-	419,866
Facilities expense		14,956,389	3,739,098	18,695,487	1,116,409	20,302	19,832,198
Technology		176,915	44,229	221,144	13,272	236	234,652
Depreciation and amortization		-	-	-	1,564,029	-	1,564,029
Miscellaneous		<u>16,320</u>	<u>13,715</u>	<u>30,035</u>	<u>113,141</u>	<u>5</u>	<u>143,181</u>
Total Expenses		<u><u>\$ 50,909,876</u></u>	<u><u>\$ 13,036,082</u></u>	<u><u>\$ 63,945,958</u></u>	<u><u>\$ 12,242,029</u></u>	<u><u>\$ 164,841</u></u>	<u><u>\$ 76,352,828</u></u>

**Brooklyn Prospect Charter School**

Statement of Functional Expenses  
Year Ended June 30, 2024

	No. of Positions	Program Services			Supporting Services		Total
		Regular Education	Special Education	Total	Management and General	Fundraising	
Personnel Services Costs							
Administrative staff personnel	65	\$ 4,206,109	\$ 1,051,528	\$ 5,257,637	\$ 1,577,800	\$ 24,994	\$ 6,860,431
Instructional personnel	267	17,187,062	4,296,766	21,483,828	2,000	-	21,485,828
Non-instructional personnel	14	620,873	155,219	776,092	39,408	-	815,500
Total Personnel Services Costs	<u>346</u>	<u>22,014,044</u>	<u>5,503,513</u>	<u>27,517,557</u>	<u>1,619,208</u>	<u>24,994</u>	<u>29,161,759</u>
Employee benefits and payroll taxes		5,432,459	1,358,114	6,790,573	399,610	6,173	7,196,356
Office expenses		503,747	125,937	629,684	73,595	496	703,775
Accounting and auditing		-	-	-	53,457	-	53,457
Legal fees		-	-	-	12,597	-	12,597
Payroll service		-	-	-	136,381	-	136,381
General and administrative consultants		31,863	7,966	39,829	9,957	-	49,786
Management fee		2,813,808	703,452	3,517,260	5,187,960	87,931	8,793,151
Other professional fees		648,688	184,923	833,611	5,835	72	839,518
Professional development		108,830	27,207	136,037	-	-	136,037
Student and staff special events		275,248	68,812	344,060	9,346	145	353,551
Parent teacher organization		-	-	-	-	165,407	165,407
Curriculum and classroom		889,255	222,313	1,111,568	-	-	1,111,568
Insurance		-	-	-	370,008	-	370,008
Facilities expense		13,445,860	3,361,465	16,807,325	983,926	15,236	17,806,487
Technology		203,726	50,931	254,657	14,996	229	269,882
Depreciation and amortization		-	-	-	1,410,216	-	1,410,216
Miscellaneous		7,973	1,994	9,967	182,248	9	192,224
Total Expenses		<u>\$ 46,375,501</u>	<u>\$ 11,616,627</u>	<u>\$ 57,992,128</u>	<u>\$ 10,469,340</u>	<u>\$ 300,692</u>	<u>\$ 68,762,160</u>

**Brooklyn Prospect Charter School**

Statements of Cash Flows

	Year Ended June 30,	
	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (2,987,376)	\$ (1,111,207)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	1,321,956	1,228,732
Amortization of right of use assets - operating leases	9,813,742	6,798,787
Amortization of right of use assets - financing leases	242,073	181,484
Changes in operating assets and liabilities		
Grants and contracts receivable	419,550	499,793
Due from related parties, net	(282,163)	876,324
Prepaid expenses and other current assets	(141,223)	453,662
Security deposits	-	600,000
Accounts payable and accrued expenses	424,178	105,185
Due to related party, net	(62,227)	62,227
Operating lease liabilities	(6,640,546)	(3,168,755)
Refundable advances	-	(47,779)
Net Cash from Operating Activities	2,107,964	6,478,453
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(1,326,427)	(1,924,045)
Purchase of certificates of deposit	(6,901,742)	(2,614,725)
Redemption of certificate of deposit	5,692,876	-
Interest reinvested	(300,315)	-
Net Cash from Investing Activities	(2,835,608)	(4,538,770)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of loan payable	(560,000)	(510,000)
Repayment of Paycheck Protection Program loan	(102,975)	(106,025)
Principal payments on finance lease liabilities	(229,537)	(151,056)
Net Cash from Financing Activities	(892,512)	(767,081)
Net Change in Cash and Restricted Cash	(1,620,156)	1,172,602
<b>CASH AND RESTRICTED CASH</b>		
Beginning of year	3,907,858	2,735,256
End of year	\$ 2,287,702	\$ 3,907,858
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ 83,140	\$ 90,245

# Brooklyn Prospect Charter School

Notes to Financial Statements  
June 30, 2025 and 2024

## 1. Organization and Tax Status

Brooklyn Prospect Charter School (the "School") is an educational corporation that operates four charter schools in the borough of Brooklyn, New York. On July 28, 2008, the Board of Regents of the University of the State of New York (the "Board of Regents") granted the School a provisional charter ("CSD 15") valid for a term of five years and renewable upon expiration. On June 4, 2014, the Board of Regents granted the School a second provisional charter ("CSD 13") valid for a term of five years and renewable upon expiration. In July 2019, the Board of Regents granted the School a third provisional charter ("CSD 15.2") valid for a term of five years. The Board of Regents renewed CSD 15, 13, and 15.2's charter terms through July 31, 2026.

Effective July 1, 2021, International Charter School of New York ("ICSNY") merged into the School with approval by the Board of Regents. ICSNY ceased to exist as a separate legal entity and simultaneously became a provisional charter ("CSD 13.2") under the School at the effective date. The Board of Regents renewed the term of the charter through July 31, 2026.

The School's mission is to be a kindergarten through twelfth grade college preparatory community where excellent teachers prepare a diverse student body to have a positive impact on society and a lifelong passion for learning. In the 2024-2025 academic year, the School operated classes for approximately 2,619 students in grades kindergarten through twelfth grade.

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

## 2. Summary of Significant Accounting Policies

### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly actual results could differ from those estimates.

### ***Net Asset Presentation***

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

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

## Brooklyn Prospect Charter School

Notes to Financial Statements  
June 30, 2025 and 2024

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

#### ***Net Asset Presentation (continued)***

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

#### ***Fair Value Measurements***

The School follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

#### ***Investment Valuation***

Certificates of deposit are valued at the amounts deposited plus accrued interest and are measured at estimated market value.

#### ***Investment Income Recognition***

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of changes in net assets.

#### ***Restricted Cash***

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

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

	2025	2024
Cash	\$ 2,087,529	\$ 3,707,725
Restricted cash	200,173	200,133
	<u>\$ 2,287,702</u>	<u>\$ 3,907,858</u>

## Brooklyn Prospect Charter School

Notes to Financial Statements  
June 30, 2025 and 2024

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

#### ***Property and Equipment***

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$3,000 and a useful life in excess of one year. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods, which are reasonably assured, or the estimated useful life of the asset. Purchased property and equipment are recorded at cost at the date of acquisition. Maintenance and repairs are expensed as incurred.

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

Computers and equipment	5 years
Furniture and fixtures	7 years

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

#### ***Leases***

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

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

## Brooklyn Prospect Charter School

Notes to Financial Statements  
June 30, 2025 and 2024

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

#### ***Refundable Advances***

The School records certain government operating revenue as refundable advances until related services are performed, at which time they are recognized as revenue.

#### ***Revenue and Support***

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

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

#### ***Measure of Operations***

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

#### ***Functional Expense Allocation***

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

#### ***Accounting for Uncertainty in Income Taxes***

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

## Brooklyn Prospect Charter School

Notes to Financial Statements  
June 30, 2025 and 2024

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

#### ***Reclassifications***

Certain amounts in the accompanying 2024 financial statements have been reclassified to conform to the 2025 presentation. These reclassifications had no effect on the previously reported financial statements.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 31, 2025.

### 3. Investments

The School's investments at June 30, 2025 and 2024 consisted of certificates of deposit in the amount of \$7,738,693 and \$6,229,512.

### 4. Grants and Contracts Receivable

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

### 5. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Computers and equipment	\$ 4,306,565	\$ 3,801,714
Furniture and fixtures	3,575,381	3,362,506
Leasehold improvements	8,376,530	7,893,707
Construction-in-progress	<u>-</u>	<u>95,386</u>
	16,258,476	15,153,313
Accumulated depreciation and amortization	<u>(8,736,180)</u>	<u>(7,635,488)</u>
	<u>\$ 7,522,296</u>	<u>\$ 7,517,825</u>

For the years ended June 30, 2025 and 2024, the School disposed of fully depreciated property and equipment totaling \$221,264 and \$798,094.

Construction-in-progress at June 30, 2024 is comprised of architect fees and other soft costs for the planning, development, and construction of the first middle school's facility and were placed into service in fiscal year 2025.

## Brooklyn Prospect Charter School

Notes to Financial Statements  
June 30, 2025 and 2024

### 6. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, are comprised of the following at June 30:

	<u>2025</u>	<u>2024</u>
Cash	\$ 2,087,529	\$ 3,707,725
Investments	7,738,693	6,229,512
Grants and contracts receivable	1,309,159	1,728,709
Due from related parties	<u>282,163</u>	<u>-</u>
	<u>\$ 11,417,544</u>	<u>\$ 11,665,946</u>

As part of the School's liquidity management plan, the status of grants and contracts receivable is monitored regularly and any excess cash is held in savings accounts and other liquid instruments until it is required for operational use. In the event of unanticipated liquidity need, the School could draw down upon certificates of deposit to cover any temporary shortfalls in funding. The School will continue to rely on funding received from the New York City Department of Education to cover its future operating costs (See Note 10).

### 7. Related Party Transactions (not disclosed elsewhere)

The School is related to Prospect Schools, Inc. ("Prospect"), a New York State not-for-profit corporation, through common management. Prospect was originally organized to provide financial support and other services to the School. Effective July 1, 2018, Prospect amended its legal purpose to act as a charter management organization and provide support as outlined in the agreement.

The School entered into a five year agreement with Prospect effective July 1, 2018 which calls for Prospect to oversee the School in their development and implementation of the educational and instruction programs; support and assist the business administration of the School; assist in the recruitment of personnel and provide human resources services; and oversee the financial services and reports for the School. The School renewed its agreement with Prospect through June 30, 2026. In accordance with the first amendment of the restated agreement, effective July 1, 2024, the School paid Prospect an annual fee of 14.5% of the School's per pupil operating revenue, per pupil facilities revenue, federal Individuals with Disabilities Education Act revenue, and federal Titles revenue. The management fee for the years ended June 30, 2025 and 2024 amounted to \$10,306,851 and \$8,793,151.

For the years ended June 30, 2025 and 2024, the School received contributions of \$160,407 and \$88,484 from Prospect to cover specific program expenses.

The School is related to Friends of Prospect Schools, Inc. ("FOPS"), a New York State not-for-profit corporation, through common management. FOPS's purpose is to support the operation of the School by managing the School's real estate and facilities-related needs, and by raising funds and resources that will enable FOPS to provide support to the School and to enhance the experience of the School's students. The School entered into various sublease agreements with FOPS for classroom facilities (see Note 12).

## Brooklyn Prospect Charter School

Notes to Financial Statements  
June 30, 2025 and 2024

### 7. Related Party Transactions (not disclosed elsewhere) (continued)

The net balance due from/(to) the related parties consisted of the following at June 30:

	2025	2024
Prospect	\$ (314,025)	\$ (280,057)
FOPS	596,188	217,830
	<u>\$ 282,163</u>	<u>\$ (62,227)</u>

### 8. Contingency

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

### 9. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash, investments and restricted cash on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. The School does not believe that a significant risk of loss due to the failure of a financial institution presently exists. At June 30, 2025 and 2024, approximately \$9,600,000 and \$9,900,000 of cash and certificate of deposit was maintained with an institution in excess of FDIC limits.

### 10. Concentration of Revenue and Support

The School receives a substantial portion of its revenue and support from the New York City Department of Education. For the years ended June 30, 2025 and 2024, the School received approximately 96% and 92% of its total revenue and support from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

### 11. Employee Benefit Plan

The School maintains a pension plan qualified under Internal Revenue Code 401(k) for the benefit of its eligible employees. Under the plan, the School matched employee contributions up to 4% of the annual compensation covered under the employment arrangement with ADP Retirement Services. Total employer match for the years ended June 30, 2025 and 2024 amounted to \$838,861 and \$809,388.

## Brooklyn Prospect Charter School

Notes to Financial Statements  
June 30, 2025 and 2024

### 12. Commitments

#### *Leases – Operating*

In August 2016, the School signed a lease with Metrotech, LLC 13 for its office space and after school activity center for its elementary students under a non-cancelable lease expiring June 30, 2034. Under this lease, the School has an option of extending the lease an additional five years. Under the terms of the lease, the School paid a security deposit in the amount of \$50,000. The School moved into this new facility on April 1, 2017 and commenced paying rent.

In January 2017, the School signed a lease with 160 17th Street, LLC for its classrooms, office space, and outdoor play area under a non-cancelable lease for the first middle school expiring June 30, 2038. Under the terms of the lease, the School paid a security deposit totaling \$400,000. During the fiscal year 2024, the School terminated the agreement with 160 17<sup>th</sup> Street, LLC. In accordance with the termination agreement, 160 17<sup>th</sup> Street, LLC agreed to return \$100,000 of the security deposit to the School and the School agreed to waive the return of the remaining \$300,000 of the security deposit.

In July 2019, the School signed a lease with Caton Avenue Realty, LLC, for additional gym and dance space of the entire first floor under a non-cancelable lease for the Windsor Terrace middle and high schools. The School has executed its option to extend the lease for an additional year through June 30, 2026.

Beginning in October 2018, the School began entering into sublease agreements with FOPS for classroom and office space under non-cancelable leases for multiple schools. The following is the summary of the locations and terms of the sublease agreements the School had with FOPS at June 30, 2025:

Charter	School	Location	Effective Date	Termination Date	Security Deposit
CSD 15	Sunset Yards Elementary School	341-353 39th Street	7/1/2022	6/30/2055	\$ -
CSD 13	Downtown Elementary School	80 Willoughby Street	10/1/2018	6/30/2052	1,350,000
CSD 13	Clinton Hill Middle School	1100 Fulton Street	10/1/2018	6/30/2038	450,000
CSD 15.2	Brooklyn Prospect High School	3002 Fort Hamilton Parkway	7/1/2021	6/30/2032	142,000
CSD 15.2	Sunset Yards Middle School	341-353 39th Street	7/1/2022	6/30/2055	800,000
CSD 13.2	International Elementary School	272 Macon Street	7/1/2023	6/30/2052	-

Facilities expense for the years ended June 30, 2025 and 2024 amounted to \$19,832,198 and \$17,806,487.

The School entered into two separate operating leases for copier and printer equipment with terminations dates of September 30, 2026 and January 31, 2027.

## Brooklyn Prospect Charter School

Notes to Financial Statements  
June 30, 2025 and 2024

### 12. Commitments (continued)

#### **Leases – Operating (continued)**

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

	2025	2024
ROU assets	308,086,359	259,426,689
Accumulated amortization	(26,011,567)	(16,197,825)
	\$ 282,074,792	\$ 243,228,864
Weighted average remaining lease term	24.87 years	24.07 years
Weighted average discount rate	3.28%	3.32%

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

2026	\$ 17,410,956
2027	18,152,834
2028	18,743,695
2029	18,466,746
2030	18,810,046
Thereafter	352,448,912
Total minimum lease payments	444,033,189
Present value discount	(146,991,841)
Present value of operating lease liability	297,041,348
Current portion	(7,828,776)
Operating lease liabilities, less current portion	\$ 289,212,572

Supplemental cash flow disclosures are as follows for the years ended June 30:

	2025	2024
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 16,465,658	\$ 13,451,329
Operating lease right-of-use asset obtained in exchange for operating lease liabilities	48,659,670	53,781,336

#### **Leases – Finance**

The School entered into eight separate finance lease agreements for copier and printer equipment with various termination dates through May 2029. Finance lease expense for the fiscal years ended June 30, 2025 and 2024 was \$242,073 and \$181,484 and is included in depreciation and amortization expense within the accompanying statements of functional expenses.

## Brooklyn Prospect Charter School

Notes to Financial Statements  
June 30, 2025 and 2024

### 12. Commitments (continued)

#### Leases – Finance (continued)

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

	2025	2024
ROU assets	\$ 1,222,785	\$ 1,222,785
Accumulated amortization	(457,166)	(215,093)
	\$ 765,619	\$ 1,007,692
Weighted average remaining lease term	3.24 years	4.22 years
Weighted average discount rate	4.15%	4.15%

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

2026	\$ 267,962
2027	268,877
2028	232,670
2029	81,057
Total minimum lease payments	850,566
Present value discount	(53,813)
Present value of finance lease liability	796,753
Current portion	(240,134)
Finance lease liabilities, less current portion	\$ 556,619

Supplemental cash flow disclosures are as follows for the years ended June 30:

	2025	2024
Interest paid	\$ 38,173	\$ 30,701
Finance lease right-of-use asset obtained in exchange for finance lease liabilities	-	975,283

### 13. Loan Payable

On May 27, 2021, the School entered into a \$1,350,000 loan agreement with CSGF NYC Facility Fund, LLC (the "Lender") for the sole purpose of funding the security deposit required under the sublease with FOPS for the second downtown elementary school's facility lease. The School began repayment of the loan and accrued interest during fiscal year 2022 and will continue at 2.75% per annum through the maturity date of April 15, 2026.

## Brooklyn Prospect Charter School

Notes to Financial Statements  
June 30, 2025 and 2024

### 13. Loan Payable (*continued*)

On May 29, 2023, the School entered into a second loan agreement with the Lender totaling \$1,300,000 for the sole purpose of funding the construction contribution owed by the School associated with the development of the new school facility at 272 Macon Street (See Note 12). The School began repayment of the loan and accrued interest during fiscal year 2024 and will continue at 2.75% per annum through the maturity date of April 15, 2028.

The School must maintain a financial performance covenant. For the years ended June 30, 2025 and 2024, the School was in compliance with the financial covenant. At June 30, 2025 and 2024, the School had outstanding balances with the Lender of \$1,080,000 and \$1,640,000.

Future minimum principal payments on the loan are as follows for years ending June 30:

2026	\$ 560,000
2027	260,000
2028	<u>260,000</u>
	1,080,000
Current portion	<u>(560,000)</u>
	<u>\$ 520,000</u>

### 14. Paycheck Protection Program Loan Payable

On May 4, 2020, the School qualified for and received a loan pursuant to the Paycheck Protection Program ("PPP"), a program implemented by the U.S. Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified PPP lender, for an aggregate principal amount of \$3,573,939 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 0.98% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration.

On June 30, 2021, \$3,169,332 of principal and \$36,408 of accrued interest were forgiven by the U.S. Small Business Administration. On August 1, 2021, the School commenced repayment of the unforgiven principal on a monthly basis amount of \$8,630, with the loan bearing the original 0.98% interest per annum rate.

The remaining principal payment of \$102,975 was paid in full during fiscal year 2025.

\* \* \* \* \*

# **Brooklyn Prospect Charter School**

Supplementary Information

June 30, 2025

**Brooklyn Prospect Charter School**

Schedule of Activities by Charter  
Year Ended June 30, 2025

	<u>CSD 15</u>	<u>CSD 13</u>	<u>CSD 15.2</u>	<u>CSD 13.2</u>	<u>Total</u>
<b>OPERATING REVENUE</b>					
State and local per pupil operating revenue					
General education	\$ 391,830	\$ 14,883,395	\$ 23,533,656	\$ 11,040,283	\$ 49,849,164
Special education	35,889	1,387,672	3,855,686	779,360	6,058,607
Facilities	117,549	4,194,775	6,728,721	3,313,064	14,354,109
Federal grants	473,819	151,779	240,950	183,456	1,050,004
Federal IDEA and E-Rate	5,774	124,570	329,053	56,067	515,464
State and city grants	-	317,904	493,663	-	811,567
Total Operating Revenue	<u>1,024,861</u>	<u>21,060,095</u>	<u>35,181,729</u>	<u>15,372,230</u>	<u>72,638,915</u>
<b>EXPENSES</b>					
Program Services					
Regular education	393,731	14,421,087	25,796,814	10,298,244	50,909,876
Special education	100,949	3,675,749	6,633,923	2,625,461	13,036,082
Total Program Services	494,680	18,096,836	32,430,737	12,923,705	63,945,958
Supporting Services					
Management and general	83,713	3,488,048	6,344,150	2,326,118	12,242,029
Fundraising	1,620	48,028	78,757	36,436	164,841
Total Expenses	<u>580,013</u>	<u>21,632,912</u>	<u>38,853,644</u>	<u>15,286,259</u>	<u>76,352,828</u>
Surplus (Deficit) from Operations	<u>444,848</u>	<u>(572,817)</u>	<u>(3,671,915)</u>	<u>85,971</u>	<u>(3,713,913)</u>
<b>SUPPORT AND OTHER REVENUE (EXPENSES)</b>					
Contributions from related party	245	70,486	61,115	28,561	160,407
Interest income	1,846	86,957	147,527	65,244	301,574
Other income	713	129,734	81,900	52,209	264,556
Total Support and Other Revenue (Expenses)	<u>2,804</u>	<u>287,177</u>	<u>290,542</u>	<u>146,014</u>	<u>726,537</u>
Change in Net Assets	447,652	(285,640)	(3,381,373)	231,985	(2,987,376)
<b>NET ASSETS, WITHOUT DONOR RESTRICTIONS</b>					
Beginning of year	<u>4,189,218</u>	<u>3,549,826</u>	<u>(2,695,430)</u>	<u>2,997,497</u>	<u>8,041,111</u>
End of year	<u>\$ 4,636,870</u>	<u>\$ 3,264,186</u>	<u>\$ (6,076,803)</u>	<u>\$ 3,229,482</u>	<u>\$ 5,053,735</u>

**Brooklyn Prospect Charter School**

Schedule of Functional Expenses

CSD 15

Year Ended June 30, 2025

	No. of Positions	Program Services			Supporting Services		Total
		Regular Education	Special Education	Total	Management and General	Fundraising	
Personnel Services Costs							
Administrative staff personnel	1	\$ 58,042	\$ 14,511	\$ 72,553	\$ 15,288	\$ 552	\$ 88,393
Instructional personnel	<u>2</u>	<u>124,341</u>	<u>33,200</u>	<u>157,541</u>	-	-	<u>157,541</u>
Total Personnel Services Costs	<u><u>3</u></u>	<u>182,383</u>	<u>47,711</u>	<u>230,094</u>	15,288	552	<u>245,934</u>
Employee benefits and payroll taxes		39,758	9,939	49,697	3,302	119	53,118
Office expenses		6,703	1,676	8,379	947	16	9,342
Accounting and auditing		-	-	-	645	-	645
Payroll service		-	-	-	1,429	-	1,429
General and administrative consultants		5,977	1,494	7,471	2,122	-	9,593
Management fee		19,263	4,816	24,079	35,516	602	60,197
Other professional fees		10,418	2,605	13,023	234	8	13,265
Professional development		1,502	376	1,878	209	-	2,087
Student and staff special events		3,375	844	4,219	59	2	4,280
Curriculum and classroom		17,158	4,290	21,448	-	-	21,448
Insurance		-	-	-	3,287	-	3,287
Facility expense		105,475	26,369	131,844	8,760	317	140,921
Technology		1,177	294	1,471	98	4	1,573
Depreciation and amortization		-	-	-	10,348	-	10,348
Miscellaneous		<u>542</u>	<u>535</u>	<u>1,077</u>	<u>1,469</u>	-	<u>2,546</u>
Total Expenses		<u>\$ 393,731</u>	<u>\$ 100,949</u>	<u>\$ 494,680</u>	<u>\$ 83,713</u>	<u>\$ 1,620</u>	<u>\$ 580,013</u>

**Brooklyn Prospect Charter School**

Schedule of Functional Expenses

CSD 13

Year Ended June 30, 2025

	No. of Positions	Program Services			Supporting Services		Total
		Regular Education	Special Education	Total	Management and General	Fundraising	
Personnel Services Costs							
Administrative staff personnel	18	\$ 1,408,454	\$ 385,047	\$ 1,793,501	\$ 432,786	\$ 9,418	\$ 2,235,705
Instructional personnel	78	5,124,217	1,309,500	6,433,717	-	-	6,433,717
Non-instructional personnel	<u>3</u>	<u>148,436</u>	<u>37,109</u>	<u>185,545</u>	<u>-</u>	<u>-</u>	<u>185,545</u>
Total Personnel Services Costs	<u>99</u>	<u>6,681,107</u>	<u>1,731,656</u>	<u>8,412,763</u>	<u>432,786</u>	<u>9,418</u>	<u>8,854,967</u>
Employee benefits and payroll taxes		1,729,654	432,414	2,162,068	111,225	2,421	2,275,714
Office expenses		132,139	33,035	165,174	25,866	122	191,162
Accounting and auditing		-	-	-	23,552	-	23,552
Legal fees		-	-	-	141,572	-	141,572
Payroll service		-	-	-	52,619	-	52,619
General and administrative consultants		31,482	7,870	39,352	19,688	-	59,040
Management fee		957,716	239,429	1,197,145	1,765,789	29,929	2,992,863
Other professional fees		171,192	49,609	220,801	2,188	40	223,029
Professional development		65,594	16,399	81,993	9,110	-	91,103
Student and staff special events		144,811	36,203	181,014	2,427	53	183,494
Curriculum and classroom		185,077	46,269	231,346	-	-	231,346
Insurance		-	-	-	121,047	-	121,047
Facility expense		4,265,753	1,066,438	5,332,191	274,309	5,970	5,612,470
Technology		52,762	13,191	65,953	3,393	74	69,420
Depreciation and amortization		-	-	-	468,881	-	468,881
Miscellaneous		<u>3,800</u>	<u>3,236</u>	<u>7,036</u>	<u>33,596</u>	<u>1</u>	<u>40,633</u>
Total Expenses		<u>\$ 14,421,087</u>	<u>\$ 3,675,749</u>	<u>\$ 18,096,836</u>	<u>\$ 3,488,048</u>	<u>\$ 48,028</u>	<u>\$ 21,632,912</u>

**Brooklyn Prospect Charter School**

Schedule of Functional Expenses

CSD 15.2

Year Ended June 30, 2025

	No. of Positions	Program Services			Supporting Services		Total
		Regular Education	Special Education	Total	Management and General	Fundraising	
Personnel Services Costs							
Administrative staff personnel	35	\$ 2,546,443	\$ 698,585	\$ 3,245,028	\$ 1,013,694	\$ 14,101	\$ 4,272,823
Instructional personnel	147	9,353,111	2,457,177	11,810,288	-	-	11,810,288
Non-instructional personnel	5	239,531	59,883	299,414	4,667	-	304,081
Total Personnel Services Costs	<u>187</u>	<u>12,139,085</u>	<u>3,215,645</u>	<u>15,354,730</u>	<u>1,018,361</u>	<u>14,101</u>	<u>16,387,192</u>
Employee benefits and payroll taxes		3,050,236	762,559	3,812,795	252,873	3,501	4,069,169
Office expenses		340,932	85,233	426,165	88,453	245	514,863
Accounting and auditing		-	-	-	40,897	-	40,897
Legal fees		-	-	-	4,549	-	4,549
Payroll service		-	-	-	89,488	-	89,488
General and administrative consultants		120,198	30,049	150,247	61,586	-	211,833
Management fee		1,669,338	417,334	2,086,672	3,077,842	52,167	5,216,681
Other professional fees		230,297	59,154	289,451	4,677	64	294,192
Professional development		115,501	28,875	144,376	16,042	-	160,418
Student and staff special events		249,129	62,282	311,411	2,890	40	314,341
Curriculum and classroom		353,502	88,376	441,878	-	-	441,878
Insurance		-	-	-	205,860	-	205,860
Facility expense		7,429,867	1,857,467	9,287,334	615,957	8,529	9,911,820
Technology		93,450	23,362	116,812	7,747	107	124,666
Depreciation and amortization		-	-	-	802,467	-	802,467
Miscellaneous		5,279	3,587	8,866	54,461	3	63,330
Total Expenses		<u>\$ 25,796,814</u>	<u>\$ 6,633,923</u>	<u>\$ 32,430,737</u>	<u>\$ 6,344,150</u>	<u>\$ 78,757</u>	<u>\$ 38,853,644</u>

**Brooklyn Prospect Charter School**

Schedule of Functional Expenses

CSD 13.2

Year Ended June 30, 2025

	No. of Positions	Program Services			Supporting Services		Total
		Regular Education	Special Education	Total	Management and General	Fundraising	
Personnel Services Costs							
Administrative staff personnel	15	\$ 1,163,298	\$ 315,334	\$ 1,478,632	\$ 322,598	\$ 8,142	\$ 1,809,372
Instructional personnel	<u>54</u>	<u>3,487,499</u>	<u>886,976</u>	<u>4,374,475</u>	-	-	<u>4,374,475</u>
Total Personnel Services Costs	<u>69</u>	4,650,797	1,202,310	5,853,107	322,598	8,142	6,183,847
Employee benefits and payroll taxes		1,193,264	298,316	1,491,580	82,209	2,075	1,575,864
Office expenses		139,808	34,952	174,760	21,013	180	195,953
Accounting and auditing		-	-	-	17,581	-	17,581
Legal fees		-	-	-	573	-	573
Payroll service		-	-	-	38,980	-	38,980
General and administrative consultants		41,752	10,438	52,190	16,610	-	68,800
Management fee		651,875	162,969	814,844	1,201,895	20,371	2,037,110
Other professional fees		136,910	40,834	177,744	3,514	80	181,338
Professional development		29,734	7,433	37,167	4,130	-	41,297
Student and staff special events		58,538	14,634	73,172	1,978	50	75,200
Curriculum and classroom		204,047	51,012	255,059	-	-	255,059
Insurance		-	-	-	89,672	-	89,672
Facility expense		3,155,294	788,824	3,944,118	217,383	5,486	4,166,987
Technology		29,526	7,382	36,908	2,034	51	38,993
Depreciation and amortization		-	-	-	282,333	-	282,333
Miscellaneous		<u>6,699</u>	<u>6,357</u>	<u>13,056</u>	<u>23,615</u>	<u>1</u>	<u>36,672</u>
Total Expenses		<u>\$ 10,298,244</u>	<u>\$ 2,625,461</u>	<u>\$ 12,923,705</u>	<u>\$ 2,326,118</u>	<u>\$ 36,436</u>	<u>\$ 15,286,259</u>

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

**Independent Auditors' Report**

**Board of Trustees  
Brooklyn Prospect Charter School**

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 Brooklyn Prospect Charter School (the "School") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*PKF O'Connor Davies, LLP*

Harrison, New York  
October 31, 2025