




Broome Street Academy Charter High School

Independent Auditor's Reports and Financial Statements

June 30, 2025 and 2024



Broome Street Academy Charter High School
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June 30, 2025 and 2024

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Independent Auditor's Report

Board of Trustees
Broome Street Academy Charter High School
New York, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Broome Street Academy Charter High School, 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 accompanying financial statements present fairly, in all material respects, the financial position of Broome Street Academy Charter High 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Broome Street Academy Charter High 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 Broome Street Academy Charter High School's ability to continue as a going concern within 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 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 GAAS 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 Broome Street Academy Charter High 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 Broome Street Academy Charter High 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information within the statements of functional expenses 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 GAAS. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2025, on our consideration of Broome Street Academy Charter High 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 Broome Street Academy Charter High 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 Broome Street Academy Charter High School's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**New York, New York
October 31, 2025**

Broome Street Academy Charter High School
Statements of Financial Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 472,212	300,976
Investments	966,242	1,961,296
Grants, contracts, and other receivables	117,426	160,061
Due from affiliate (The Door)	-	137,996
Prepaid expenses and other assets	10,618	141,895
Total Current Assets	<u>1,566,498</u>	<u>2,702,224</u>
Restricted Cash	75,521	75,514
Property and Equipment, Net	<u>109,357</u>	<u>103,827</u>
Total Assets	<u>\$ 1,751,376</u>	<u>\$ 2,881,565</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 766,378	\$ 829,437
Refundable advances	-	22,221
Due to affiliate (The Door)	107,181	-
Other liabilities	18,067	10,365
Total Current Liabilities	<u>891,626</u>	<u>862,023</u>
Net Assets		
Without donor restrictions		
Undesignated for general use	664,872	1,840,201
Reserve - contingency	75,521	75,514
Net investment in property and equipment	109,357	103,827
Total Net Assets Without Donor Restrictions	<u>849,750</u>	<u>2,019,542</u>
With donor restrictions	<u>10,000</u>	<u>-</u>
Total Net Assets	<u>859,750</u>	<u>2,019,542</u>
Total Liabilities and Net Assets	<u>\$ 1,751,376</u>	<u>\$ 2,881,565</u>

Broome Street Academy Charter High School
Statements of Activities
Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue						
State and local per pupil operating revenue						
Resident student enrollment	\$ 3,885,127	\$ -	\$ 3,885,127	\$ 5,005,187	\$ -	\$ 5,005,187
Students with disabilities	656,750	-	656,750	984,759	-	984,759
New York Department of Education rental assistance	412,249	-	412,249	430,135	-	430,135
Government grants and contracts	483,084	-	483,084	440,030	-	440,030
Total Operating Revenue	5,437,210	-	5,437,210	6,860,111	-	6,860,111
Operating Expenses						
Program services						
Regular education	4,879,271	-	4,879,271	5,075,423	-	5,075,423
Special education	1,798,195	-	1,798,195	2,140,669	-	2,140,669
Total program services	6,677,466	-	6,677,466	7,216,092	-	7,216,092
Supporting services						
Management and general	940,756	-	940,756	1,248,272	-	1,248,272
Total Operating Expenses	7,618,222	-	7,618,222	8,464,364	-	8,464,364
Net Deficit From School Operations	(2,181,012)	-	(2,181,012)	(1,604,253)	-	(1,604,253)
Public Support and Other Revenues (Expenses)						
Contributions	89,155	-	89,155	136,124	-	136,124
Foundation and corporate support	6,000	370,000	376,000	2,500	-	2,500
Special events, net of expenses of \$4,173 in 2025 and \$3,005 in 2024	313,775	-	313,775	279,539	-	279,539
In-kind contribution - rent and management fee	305,059	-	305,059	125,083	-	125,083
Release from restrictions	360,000	(360,000)	-	380,000	(380,000)	-
Total public support	1,073,989	10,000	1,083,989	923,246	(380,000)	543,246
Other revenues (expenses)						
Return on investments	149,285	-	149,285	230,351	-	230,351
Miscellaneous	7,615	-	7,615	63	-	63
Fundraising expenses	(219,669)	-	(219,669)	(212,710)	-	(212,710)
Total Public Support and Other Revenues (Expenses)	1,011,220	10,000	1,021,220	940,950	(380,000)	560,950
Change in Net Assets	(1,169,792)	10,000	(1,159,792)	(663,303)	(380,000)	(1,043,303)
Net Assets, Beginning of Year	2,019,542	-	2,019,542	2,682,845	380,000	3,062,845
Net Assets, End of Year	\$ 849,750	\$ 10,000	\$ 859,750	\$ 2,019,542	\$ -	\$ 2,019,542

See Notes to Financial Statements

**Broome Street Academy Charter High School
Statements of Functional Expenses
Years Ended June 30, 2025 and 2024**

(Continued)

	* No. of Positions	2025							
		Program Services			Supporting Services				
		Regular Education	Special Education	Total	Management and General	Fundraising Expenses	Special Events	Total	Total
Administrative staff	15	\$ 1,057,518	\$ 396,579	\$ 1,454,097	\$ 113,678	\$ 18,197	\$ -	\$ 131,875	\$ 1,585,972
Instructional personnel	29	1,540,194	577,586	2,117,780	90,859	26,502	-	117,361	2,235,141
Non-instructional personnel	5	245,741	92,155	337,896	26,416	4,228	-	30,644	368,540
Total salaries	49	2,843,453	1,066,320	3,909,773	230,953	48,927	-	279,880	4,189,653
Employee benefits and payroll taxes		580,033	217,511	797,544	62,289	9,969	-	72,258	869,802
Professional and administration fees		342,056	106,762	448,818	554,614	155,769	-	710,383	1,159,201
Occupancy costs		603,299	220,796	824,095	55,967	3,640	-	59,607	883,702
Equipment and software maintenance		20,002	7,320	27,322	1,875	122	-	1,997	29,319
Office supplies and material		66,376	24,292	90,668	2,634	171	-	2,805	93,473
Advertising and recruitment		94,707	34,661	129,368	543	35	-	578	129,946
Youth events		76,741	28,086	104,827	-	-	-	-	104,827
Telephone		16,232	5,941	22,173	1,461	95	-	1,556	23,729
Student meals		55,886	20,453	76,339	380	25	-	405	76,744
Insurance expense		30,880	11,301	42,181	2,895	188	-	3,083	45,264
Staff development and meetings		13,406	4,906	18,312	1,140	74	-	1,214	19,526
Membership dues		41,210	15,082	56,292	3,799	247	-	4,046	60,338
Miscellaneous expenses		30,225	11,062	41,287	16,345	26	4,173	20,544	61,831
Postage and printing		4,898	1,792	6,690	459	30	-	489	7,179
Travel		2,246	822	3,068	-	-	-	-	3,068
Depreciation and amortization		57,621	21,088	78,709	5,402	351	-	5,753	84,462
Total expenses		\$ 4,879,271	\$ 1,798,195	\$ 6,677,466	\$ 940,756	\$ 219,669	\$ 4,173	\$ 1,164,598	\$ 7,842,064

* Supplementary information

**Broome Street Academy Charter High School
Statements of Functional Expenses
Years Ended June 30, 2025 and 2024**

(Continued)

	* No. of Positions	2024							
		Program Services			Supporting Services				
		Regular Education	Special Education	Total	Management and General	Fundraising Expenses	Special Events	Total	Total
Administrative staff	18	\$ 1,060,780	\$ 461,310	\$ 1,522,090	\$ 123,303	\$ 5,176	\$ -	\$ 128,479	\$ 1,650,569
Instructional personnel	35	1,773,984	771,467	2,545,451	206,205	8,656	-	214,861	2,760,312
Non-instructional personnel	4	172,180	74,877	247,057	61,947	840	-	62,787	309,844
Total salaries	57	3,006,944	1,307,654	4,314,598	391,455	14,672	-	406,127	4,720,725
Employee benefits and payroll taxes		602,794	262,142	864,936	70,068	2,941	-	73,009	937,945
Professional and administration fees		263,295	58,545	321,840	637,525	193,230	-	830,755	1,152,595
Occupancy costs		637,743	271,738	909,481	67,288	1,321	-	68,609	978,090
Equipment and software maintenance		46,068	19,629	65,697	4,879	96	-	4,975	70,672
Office supplies and material		121,114	51,606	172,720	2,640	52	-	2,692	175,412
Advertising and recruitment		67,385	28,712	96,097	177	3	-	180	96,277
Youth events		53,098	22,624	75,722	-	-	-	-	75,722
Telephone		33,932	14,458	48,390	3,594	71	-	3,665	52,055
Student meals		58,713	25,017	83,730	166	3	-	169	83,899
Insurance expense		24,174	10,300	34,474	1,565	50	995	2,610	37,084
Staff development and meetings		8,475	3,611	12,086	901	18	-	919	13,005
Membership dues		38,237	16,292	54,529	4,050	79	-	4,129	58,658
Miscellaneous expenses		25,032	10,666	35,698	55,469	7	2,010	57,486	93,184
Postage and printing		4,608	1,963	6,571	487	10	-	497	7,068
Travel		8,206	3,497	11,703	-	-	-	-	11,703
Depreciation and amortization		75,605	32,215	107,820	8,008	157	-	8,165	115,985
Total expenses		\$ 5,075,423	\$ 2,140,669	\$ 7,216,092	\$ 1,248,272	\$ 212,710	\$ 3,005	\$ 1,463,987	\$ 8,680,079

* Supplementary information

Broome Street Academy Charter High School
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Activities		
Change in net assets	\$ (1,159,792)	\$ (1,043,303)
Items not requiring (providing) operating cash flows		
Depreciation and amortization	84,464	115,985
Contributions received for capital purposes	(10,000)	-
Realized gains on investments	(78,800)	(106,695)
Changes in		
Grants, contracts, and other receivables	42,635	998,168
Due from affiliate (The Door)	245,177	46,392
Prepaid expenses and other assets	131,277	(116,227)
Accounts payable and accrued expenses	(63,059)	137,528
Refundable advances	(22,221)	22,221
Other liabilities	7,702	(99,688)
Net Cash Used in Operating Activities	<u>(822,617)</u>	<u>(45,619)</u>
Investing Activities		
Purchase of property and equipment	(89,994)	(73,331)
Sales of investments	1,120,602	-
Purchases of investments	(46,748)	(102,205)
Net Cash Provided by (Used in) Investing Activities	<u>983,860</u>	<u>(175,536)</u>
Financing Activities		
Proceeds from contributions received for capital purposes	10,000	-
Net Change in Cash, Cash Equivalents, and Restricted Cash	171,243	(221,155)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>376,490</u>	<u>597,645</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 547,733</u>	<u>\$ 376,490</u>
Cash, Cash Equivalents, and Restricted Cash Consist of		
Cash and cash equivalents	\$ 472,212	\$ 300,976
Restricted cash	75,521	75,514
	<u>\$ 547,733</u>	<u>\$ 376,490</u>

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Operations

Broome Street Academy Charter High School (the School) is a New York State educational corporation operating as a charter school in Manhattan, New York. On October 19, 2010, the Board of Regents of the University of the State of New York granted the School a provisional charter valid for a term of five years and renewable upon expiration. In August 2021, the School's charter was renewed for five additional years expiring July 31, 2026. The School's charter states that it will provide instruction to students in the ninth through twelfth grades for a period of five years.

The School prepares its students for post-secondary success that leads to positive life outcomes. The School values student strengths and provides multiple pathways to success through a curriculum of rigorous academic, career, and social instruction grounded in the principles of the necessary skills and support to graduate, while preparing them for a successful future beyond high school. The School's admissions policy gives preference to students who are homeless, in foster care, or from low performing middle schools.

The School opened in the fall of 2011 with a freshman class. Since then, the School grew by one grade level at a time until it hit capacity (ninth through twelfth grade) in the 2015–2016 school year. The School's model merges academic, social, and emotional services to prepare students to graduate with a New York State Regents diploma, providing opportunities for a successful future. Additionally, the School is partnered with, and housed within, The Door – A Center of Alternatives, Inc. (The Door), a nonprofit organization organized pursuant to Section 501(c)(3) of the Internal Revenue Code (the Code). Founded in 1972, The Door is a leading youth development agency that offers a full range of supportive programming in the areas of health, mental health, career and workforce development, legal services, supportive housing, and arts and recreation. Through the support found at the School and The Door, New York City's most at-risk students will realize their greatest potential.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The School considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts are considered to be cash and cash equivalents. At June 30, 2025 and 2024, cash equivalents consisted primarily of money market accounts.

At June 30, 2025, the School had a balance of approximately \$315,000 in cash accounts that exceeded federally insured limits.

Cash Held in Escrow

Accounts restricted externally by regulators are considered to be restricted cash.

As part of the School's charter agreement, the School established a long-term reserve account to pay for legal and audit expenses that would be associated with a dissolution should it occur.

Broome Street Academy Charter High School
Notes to Financial Statements
June 30, 2025 and 2024

Investments and Net Investment Return

Investments are carried at fair value. Investment return includes dividend, interest, and realized and unrealized gains and losses on investments carried at fair value, net of external investment fees. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

The School's investments have been classified as current based on the availability of these investments to fund current operations as needed.

Investment return is reflected in the statements of activities with or without donor restriction based upon the existence and nature of any donation or legally imposed restriction.

Grants and Contracts Revenue and Receivables

Revenues from government grants and contracts to which the School is entitled are recognized mostly on student enrollment. Some grants are provided for specific educational endeavors which are not based on student enrollment and are recorded when related expenditures are incurred by the School. Receivables are recorded when the revenue is earned. No allowance for doubtful accounts was deemed necessary as of June 30, 2025 and 2024.

Refundable Advances

The School records certain government grants and contracts as refundable advances and deferred revenue until related services are performed, at which time it is recognized as revenue. As of June 30, 2025 and 2024, the School has refundable advances of \$0 and \$22,221, respectively. Refundable advances are conditional and its conditions are expected to be met in the following year.

Property and Equipment

Property and equipment acquisitions over \$5,000 are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are charged to expense on the straight-line basis over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Leasehold improvements	3 to 5 years
Computer equipment and software	3 to 5 years
Furniture and equipment	3 to 5 years

Long-Lived Asset Impairment

The School evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2025 and 2024.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or grantor restrictions.

Broome Street Academy Charter High School
Notes to Financial Statements
June 30, 2025 and 2024

Net assets with donor restrictions are subject to donor or grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

State and Local Per-Pupil Operating Revenues

Revenues from the state and local governments resulting from the School’s charter status and based on the number of students enrolled are recorded when services are performed in accordance with the charter agreement. These grants are recorded as revenue by the School when services are rendered.

Contributions

Contributions are provided to the School either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<u>Nature of the Gift</u>	<u>Value Recognized</u>
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the School overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, 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. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Broome Street Academy Charter High School
Notes to Financial Statements
June 30, 2025 and 2024

Contributed Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

Income Taxes

The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the School is subject to federal income tax on any unrelated business taxable income. The School files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program and management and general categories based on estimates of time and effort, occupancy, number of students, and other methods.

Note 2. Property and Equipment

	<u>2025</u>	<u>2024</u>
Leasehold improvements	\$ 971,472	\$ 971,472
Computer equipment and software	1,050,064	960,071
Furniture and equipment	<u>365,641</u>	<u>365,641</u>
	2,387,177	2,297,184
Accumulated depreciation and amortization	<u>(2,277,820)</u>	<u>(2,193,357)</u>
	<u>\$ 109,357</u>	<u>\$ 103,827</u>

Note 3. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30 are restricted for the following purposes or periods:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specific purpose		
Facility renovations and improvements	<u>\$ 10,000</u>	<u>\$ -</u>

Broome Street Academy Charter High School
Notes to Financial Statements
June 30, 2025 and 2024

Net assets with donor restriction were released for the following purposes or periods during the years ended June 30, 2025 and 2024:

	2025	2024
Satisfaction of purpose restrictions		
Facility renovations and improvements	\$ -	\$ 20,000
Wrap around services	360,000	-
	360,000	20,000
Satisfaction of time restrictions	-	360,000
Total net assets released from restrictions	\$ 360,000	\$ 380,000

Note 4. Investments and Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Broome Street Academy Charter High School
Notes to Financial Statements
June 30, 2025 and 2024

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2025 and 2024:

	2025			
	Fair Value Measurements Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds				
Fixed income - corporate obligations	\$ 348,591	\$ 348,591	\$ -	\$ -
Equities - domestic	617,651	617,651	-	-
Total	\$ 966,242	\$ 966,242	\$ -	\$ -

	2024			
	Fair Value Measurements Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market mutual funds				
Fixed income	\$ 777,555	\$ 777,555	\$ -	\$ -
Fixed income - corporate obligations	443,303	443,303	-	-
Equities - domestic	740,438	740,438	-	-
Total	\$ 1,961,296	\$ 1,961,296	\$ -	\$ -

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended June 30, 2025 and 2024.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. 100% of the School's investments are classified as Level 1.

Broome Street Academy Charter High School
Notes to Financial Statements
June 30, 2025 and 2024

Note 5. Significant Estimates and Concentrations

GAAP requires disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Grants and Contracts

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.

Accounts Receivable and Revenue Concentrations

86% and 100% of the School's accounts receivable are due from New York State as of June 30, 2025 and 2024, respectively. 97% and 98% of the School's operating revenues were from New York State for the years ended June 30, 2025 and 2024, respectively.

Note 6. Liquidity and Availability

The following represents the School's financial assets at June 30:

	<u>2025</u>	<u>2024</u>
Financial assets at year-end		
Cash	\$ 472,212	\$ 300,976
Investments	966,242	1,961,296
Grants, contracts, and other receivables	<u>117,426</u>	<u>160,061</u>
Total financial assets	1,555,880	2,422,333
Restricted funds	<u>(10,000)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,545,880</u>	<u>\$ 2,422,333</u>

The School has a policy to maintain available cash and short-term investments to meet 90 days of normal operating expenses. The School manages its cash and liquid assets to ensure the availability of funds to meet its current expenses and liquidate its liabilities. In addition to these available financial assets, a significant portion of the School's annual expenditures will be funded by current year operating revenues, including program fees and grants.

The School has incurred recurring losses and negative cash flows from operations in recent years resulting from significant decreases in enrollment levels. The School has reduced spending, namely in instructional staff salaries, in response to reduced student enrollment levels.

Broome Street Academy Charter High School
Notes to Financial Statements
June 30, 2025 and 2024

Note 7. Retirement Plan

The School sponsors a 403(b) thrift plan covering all employees. All employees are immediately eligible to begin making voluntary reduction contributions. The School has both an employer-based contribution and an employer matching contribution in the plan.

For the base employer contribution, employees must be at least age 21 and have two years of service to be eligible to start receiving the 3% employer base contribution. Participants will receive this base contribution regardless of whether they are contributing to the 403(b) plan or not. The employer base contribution is 100% immediately vested.

For the employer match, the participant must be at least age 21 and have two years of service with the School to be eligible to start receiving the employer match. After two years with the School, if a participant is voluntarily contributing 1% into the 403(b), the School will begin to put in an employer matching contribution equivalent to 3%. With employer match, the vesting is also 100% immediately.

Total expense for the years ended June 30, 2025 and 2024 was \$82,908 and \$94,067, respectively.

Note 8. Related-Party Transactions

Administrative Services

The Door is the sole member of the School and two members of the board of trustees of The Door are also members of the board of the School. The Door assisted with the establishment of the School in obtaining its charter and acted as fiscal conduit for the School when it was incorporated.

Pursuant to an approved services agreement, the School paid The Door \$470,446 and \$455,769 during the years ended June 30, 2025 and 2024, respectively, for administrative support and fundraising services, human resources services, fiscal management, information technology, and food services. There was also \$314,881 and \$297,130 paid to The Door for shared services in 2025 and 2024, respectively. Such amounts are included as professional and administrative fees in the statements of functional expenses. As of June 30, 2025, the School has a payable to The Door of \$107,181. As of June 30, 2024, the School had a receivable from The Door of \$137,996.

The School has an investment account with JPMorgan Chase. The School also paid \$6,141 to JPMorgan Chase in service fees in 2025. Fees paid in 2024 were \$5,397. One of the board members is the Vice President of Corporate Social Responsibility of this organization. This board member is not involved in the investment committee and the School did not make payments to this individual.

As mentioned in Note 9, The School received in-kind contributions from The Door for use of space.

Lease Commitment

The School has a five-year operating lease agreement, commencing on July 1, 2011, with The Door for classrooms and office space at 121 Avenue of the Americas, New York, NY, which expired on June 30, 2016. Pursuant to subsequent annual amendments to this lease agreement, the School paid The Door rent that amounted to \$874,998 and \$849,513 for the years ended June 30, 2025 and 2024, respectively. Such amounts are included as occupancy cost in the statements of functional expenses.

As part of the lease amendment entered into in June 2024, the School extended the lease agreement with The Door for a one-year term, which is set to expire on June 30, 2025. The School extended the lease agreement with The Door for another one-year term, which is set to expire on June 30, 2026.

Broome Street Academy Charter High School
Notes to Financial Statements
June 30, 2025 and 2024

The future minimum lease payment as of June 30, 2025 is:

2026	<u><u>\$ 787,500</u></u>
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Special Event

During the year ended June 30, 2025, the School, together with The Door, held a joint special fundraising event from which the School's gross share of revenue amounted to \$317,948 and its net proceeds (after expenses of \$4,173) were \$313,775. During the year ended June 30, 2024, the School, together with The Door, held a joint special fundraising event from which the School's gross share of revenue amounted to \$282,544 and its net proceeds (after expenses of \$3,005) was \$279,539.

Note 9. Contributed Nonfinancial Assets

For the years ended June 30, 2025 and 2024, contributed nonfinancial assets recognized within the statements of activities included:

	2025	2024
Use of building	\$ 125,083	\$ 125,083
Forgiveness of management fees	179,976	-
	<u>\$ 305,059</u>	<u>\$ 125,083</u>

Use of Building

The School has been provided space in a building owned by The Door at no charge to the School. The value of the space was determined to be \$125,083, which is the cost that The Door would have charged for the use of the space. The contributed space is provided to the School for use as an additional classroom for educational purposes.

Forgiveness of Management Services Fees

The School has been forgiven in program management services fee by The Door to provide various services for the School. The value of the program services fees was determined to be \$179,976, which is the cost that The Door would have charged for program services. The contributed program management services fee services are provided to the school to support the school on both a contracted and in-kind basis.

Note 10. Subsequent Events

Subsequent events have been evaluated through October 31, 2025, which is the date the financial statements were available to be issued.

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 Auditor's Report

Board of Trustees
Broome Street Academy Charter High School
New York, New York

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 (*Government Auditing Standards*), the financial statements of Broome Street Academy Charter High School, 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 Broome Street Academy Charter High 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 Broome Street Academy Charter High School's internal control. Accordingly, we do not express an opinion on the effectiveness of Broome Street Academy Charter High 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 Broome Street Academy Charter High School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2025-001.

Broome Street Academy Charter High School's Response to Findings

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

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 result 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.

Forvis Mazars, LLP

**New York, New York
October 31, 2025**

**Broome Street Academy Charter High School
 Schedule of Findings and Responses
 Year Ended June 30, 2025**

Reference Number	Finding
2025-001	Per-Pupil Revenue – Enrollment Below Allowed Threshold
Criteria:	Under the New York State Charter School Audit Guidelines, Broome Street Academy Charter School must have total enrollment that does not exceed 120% of projected enrollment, and not less than 80% of projected enrollment.
Condition:	During our testing of student enrollment, we noted that the School had projected 290 students, but actual enrollment was 209, which is 72% of projected enrollment.
Cause:	The School is facing retention challenges with existing students and onboarding of new students.
Effect:	The School is not in compliance and may face challenges with renewal of the charter.
Recommendation:	We recommend the School implement a targeted community outreach and marketing plan to enhance future enrollment as well as update projected enrollment to be more in line with prior year actual enrollment.
Views of Responsible Officials and Planned Corrective Actions:	The School has engaged consultants to support both targeted student recruitment/enrollment and charter renewal. Management is in close communication with SUNY regarding the renewal process and reduction in enrollment projections.

**Broome Street Academy Charter High School
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024**

Reference Number	Summary of Finding	Status
2024-001	Per-Pupil Revenue – Lack of Documentation for Proof of Residence Under the New York State Charter School Audit Guidelines, Broome Street Academy Charter School must obtain valid proof of residency for students and ensure that the proper district is being billed for services. During our per-pupil testing, we noted that the School did not have proper support to prove students' residences for 4 out of 40 students sampled.	Resolved