

Central Queens Academy Charter School

Audited Financial Statements

In Accordance with *Government Auditing Standards*

June 30, 2025

Central Queens Academy Charter School

Audited Financial Statements

June 30, 2025

CONTENTS

	Page
Independent Auditor's Report	1-3
Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-16
Supplementary Information	
Supplementary Information - Schedule of Activities by Location	17
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	18-19
Schedule of Findings and Questioned Costs	20

Independent Auditor's Report

To the Board of Directors of
Central Queens Academy Charter School

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Central Queens Academy Charter School (the "School"), which comprise the statement of financial position as of June 30, 2025, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*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 the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

We have previously audited the School's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects with the audited financial statement from which it was derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information - Schedule of Activities by Location on page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such Supplementary Information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The Supplementary 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 27, 2025, on our consideration of the 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 the 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 the School's internal control over financial reporting and compliance.

Sax LLP

New York, NY
October 27, 2025

Central Queens Academy Charter School

Statement of Financial Position

At June 30, 2025
(With comparative totals at June 30, 2024)

	June 30,	
	2025	2024
ASSETS		
Cash and cash equivalents	\$ 26,031,734	\$ 20,731,200
Government grants receivable - per pupil funding	8,911	-
Government grants receivable - other	454,199	251,197
Pledges receivable	545,017	90,695
Prepaid expenses	573,240	396,609
Security deposit	2,021,854	2,017,492
Property and equipment, net	2,087,058	1,587,598
Finance lease right-of-use assets, net	113,808,341	86,530,006
Restricted cash	100,000	83,709
	\$ 145,630,354	\$ 111,688,506
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 2,746,841	\$ 2,117,775
Government grant advances - per pupil funding	-	6,991
Conditional contributions	156,800	121,660
Finance lease liabilities	123,682,408	91,848,212
Total liabilities	126,586,049	94,094,638
NET ASSETS		
Without donor restrictions	18,217,305	16,946,868
With donor restrictions	827,000	647,000
Total net assets	19,044,305	17,593,868
	\$ 145,630,354	\$ 111,688,506

The attached notes and auditor's report are an integral part of these financial statements.

Central Queens Academy Charter School

Statement of Activities

For the Year Ended June 30, 2025
(With comparative totals for the year ended June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/2025	Total 6/30/2024
PUBLIC SUPPORT AND REVENUE				
Public school district revenue:				
Resident student enrollment	\$ 20,212,654	\$ -	\$ 20,212,654	\$ 14,707,922
Students with special education services	1,374,509	-	1,374,509	994,902
Total public school district revenue	21,587,163	-	21,587,163	15,702,824
Government grants:				
New York City rental assistance	4,831,438	-	4,831,438	3,254,878
Other government grants	1,381,692	-	1,381,692	1,133,401
Total government grants	6,213,130	-	6,213,130	4,388,279
Contributions	1,884,769	765,000	2,649,769	2,456,378
Donated services	-	-	-	85,160
Interest income	563,636	-	563,636	624,980
Other income	5,882	-	5,882	4,492
Total	2,454,287	765,000	3,219,287	3,171,010
NET ASSETS RELEASED FROM RESTRICTIONS				
Release from restriction	585,000	(585,000)	-	-
Total public support and revenue	30,839,580	180,000	31,019,580	23,262,113
EXPENSES				
Program services				
Regular education	23,867,315	-	23,867,315	15,848,136
Special education	3,527,178	-	3,527,178	2,345,121
Total program services	27,394,493	-	27,394,493	18,193,257
Supporting services				
Management and general	1,688,088	-	1,688,088	1,247,067
Fundraising	486,562	-	486,562	471,909
Total supporting services	2,174,650	-	2,174,650	1,718,976
Total expenses	29,569,143	-	29,569,143	19,912,233
Change in net assets	1,270,437	180,000	1,450,437	3,349,880
NET ASSETS, beginning of year	16,946,868	647,000	17,593,868	14,243,988
NET ASSETS, end of year	\$ 18,217,305	\$ 827,000	\$ 19,044,305	\$ 17,593,868

The attached notes and auditor's report are an integral part of these financial statements.

Central Queens Academy Charter School

Statement of Functional Expenses

For the Year Ended June 30, 2025

(With comparative totals for the year ended June 30, 2024)

	Program Services			Supporting Services			Total Expenses 6/30/2024
	Regular Education	Special Education	Total Program Services	Management and		Total Supporting Services	
				General	Fundraising		
Salaries:							
Instructional personnel	\$ 8,317,498	\$ 1,144,914	\$ 9,462,412	\$ -	\$ -	\$ -	\$ 9,462,412
Non-instructional personnel	2,468,807	392,035	2,860,842	887,052	285,200	1,172,252	4,033,094
Additional compensation	77,190	13,272	90,462	4,971	951	5,922	96,384
Payroll taxes and employee benefits	2,053,326	353,045	2,406,371	132,244	25,302	157,546	2,563,917
Total personnel costs	12,916,821	1,903,266	14,820,087	1,024,267	311,453	1,335,720	16,155,807
Professional fees	214,566	35,520	250,086	62,373	2,546	64,919	315,005
In-kind professional fees	-	-	-	-	-	-	-
Occupancy	8,236,006	1,416,082	9,652,088	530,439	101,487	631,926	10,284,014
Repairs and maintenance	58,860	10,120	68,980	3,791	725	4,516	73,496
Insurance	88,509	15,218	103,727	5,700	1,091	6,791	110,518
Utilities	297,962	51,231	349,193	19,190	3,672	22,862	372,055
Curriculum and classroom expenses	1,046,664	-	1,046,664	-	-	-	1,046,664
Classroom supplies and materials	418,667	-	418,667	-	-	-	418,667
Equipment	106,736	18,352	125,088	6,874	1,315	8,189	133,277
Professional development	49,424	2,923	52,347	6,720	209	6,929	59,276
Student and staff recruitment	51,193	8,802	59,995	3,297	59,360	62,657	122,652
Information technology	81,726	14,052	95,778	5,264	1,007	6,271	102,049
Office expenses	26,447	4,547	30,994	1,703	326	2,029	33,023
Communications	17,789	3,059	20,848	1,146	219	1,365	22,213
Miscellaneous	6,009	1,033	7,042	1,227	72	1,299	8,341
Depreciation	249,936	42,973	292,909	16,097	3,080	19,177	312,086
Total other than personnel costs	10,950,494	1,623,912	12,574,406	663,821	175,109	838,930	13,413,336
Total expenses	\$ 23,867,315	\$ 3,527,178	\$ 27,394,493	\$ 1,688,088	\$ 486,562	\$ 2,174,650	\$ 29,569,143
							\$ 19,912,233

The attached notes and auditor's report are an integral part of these financial statements.

Central Queens Academy Charter School

Statement of Cash Flows

For the Year Ended June 30, 2025
(With comparative totals for the year ended June 30, 2024)

	June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,450,437	\$ 3,349,880
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	312,086	230,136
Amortization of right-of-use asset	3,540,828	2,968,794
Interest expense on finance lease	5,975,393	2,785,690
Interest paid on finance lease	(4,931,170)	(2,549,910)
Changes in assets and liabilities		
Government grants receivable - per pupil funding	(8,911)	5,898
Government grants receivable - other	(203,002)	535,453
Pledges receivable	(454,322)	115,693
Prepaid expenses	(176,631)	(36,738)
Security deposit	(4,362)	(500,000)
Accounts payable and accrued expenses	629,066	367,321
Government grant advances - per pupil funding	(6,991)	6,991
Conditional contributions	35,140	10,010
Net cash flows provided by operating activities	6,157,561	7,289,218
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(811,547)	(918,575)
Net cash flows used for investing activities	(811,547)	(918,575)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on finance lease liabilities	(29,189)	(765,763)
Net cash flows used for financing activities	(29,189)	(765,763)
Net increase in cash, cash equivalents and restricted cash	5,316,825	5,604,880
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	20,814,909	15,210,029
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of year	\$ 26,131,734	\$ 20,814,909
Cash, cash equivalents and restricted cash		
Cash and cash equivalents	\$ 26,031,734	\$ 20,731,200
Restricted cash	100,000	83,709
Total cash, cash equivalents and restricted cash	\$ 26,131,734	\$ 20,814,909
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 4,931,170	\$ 2,549,910
Taxes paid	\$ -	\$ -
Right-of-use assets obtained in exchange for new lease liabilities	\$ 30,819,163	\$ -

The attached notes and auditor's report are an integral part of these financial statements.

Central Queens Academy Charter School

Notes to Financial Statements

June 30, 2025

Note 1 - Nature of Activities

Central Queens Academy Charter School (the "School"), located in Queens, New York, is a not-for-profit education corporation chartered by the Regents of the University of the State of New York. The charter was authorized by SUNY Charter Schools Institute. The School was founded by a team of educators, parents, and youth advocates.

The School's academic program is designed to meet the needs of a highly diverse student body. The School has grounded this program in its core values and will implement its mission using research-based methods. Its curriculum is aligned with the New York State Standards and has been designed to make sure that students learn what they need to know in a rigorous and fun environment.

The School has the following programs:

Regular Education - instruction provided to all students

Special Education - instruction that is specially designed to meet the unique needs of students with disabilities

The School has been notified by the Internal Revenue Service that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. They have not been designated as a private foundation.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting and Presentation

The financial statements of the School have been prepared using the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958 - *Presentation of Financial Statements of Not-For-Profit Entities*. FASB ASC 958 requires the School to report information regarding its financial position and activities according to the following specific classes of net assets:

- *Net Assets without Donor Restrictions* - represents those resources for which there are no restrictions by donors as to their use.
- *Net Assets with Donor Restrictions* - represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

Central Queens Academy Charter School

Notes to Financial Statements

June 30, 2025

Note 2 - Summary of Significant Accounting Policies - Continued

b. Revenue Recognition

The School follows the requirements of the FASB ASC 958-605 - *Revenue Recognition* for recording contributions, which are recognized at the time a contribution becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Contributions may be subject to conditions, which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met. As of June 30, 2025, conditional contributions that have not been recognized amount to \$1,048,750, which are conditioned upon the grant being used towards the expansion and growth of the School. There were no unrecognized conditional contributions received during the year ended June 30, 2024.

The School's public-school district revenue and other government grants are primarily conditional, non-exchange transactions as defined above. Revenue from these transactions is recognized based on rates established by the School's funding sources and when performance-related outcomes are achieved as well as other conditions under the agreements are met. Revenue recognized in advance of payments being received is treated as a government grants receivable. Payments received in advance of conditions being met are recorded as government grant advances.

Contributions and grants expected to be received within one year are recorded at net realizable value. Long term pledges are recorded at fair value, using risk - adjusted present value techniques. Management reviews contributions and grants receivable for collectability. Based on knowledge of specific donors and factoring in historical experience, no allowance for doubtful accounts exists as of June 30, 2025 or 2024.

c. Cash and Cash Equivalents

The School considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Cash maintained in escrow per requirements of the New York City Department of Education ("NYCDOE") are treated as restricted cash.

d. Concentration of Credit Risk

Financial instruments, which potentially subject the School to a concentration of credit risk, consist of cash and money market accounts, which have been placed with financial institutions that management deems to be creditworthy. At year end and at various times throughout the year, material cash balances were in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance levels; however, management feels they have little risk, and the School has not experienced any losses from the default of any financial institution.

Central Queens Academy Charter School

Notes to Financial Statements

June 30, 2025

Note 2 - Summary of Significant Accounting Policies - Continued

e. Capitalization Policy

Computer hardware, furniture, leasehold improvements, and equipment are stated at cost or at the fair value at the date of gift, if donated. The School capitalizes fixed assets in excess of \$2,000 that have a useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which generally are between 3 and 5 years or the life of the lease.

f. Leases

The School determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use assets and lease liabilities in the statement of financial position. Right-of-use assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and right-of-use assets also include prepaid or accrued rent. Lease expense is recognized on a straight-line basis over the lease term. The School does not report right-of-use assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option.

g. Donated Services

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided in-kind.

There were no in-kind contributions received during the year ended June 30, 2025. The School received in-kind professional legal services that were valued at \$85,160 for the year ended June 30, 2024. Donated legal services, which are included in management and general on the statement of functional expenses, are valued at the standard hourly rates charged for those services.

The School pays for most other services requiring specific expertise. Board members and other individuals volunteer their time, support its mission, and accomplish its programmatic goals. These services do not meet the criteria for recognition as outlined above and have not been recorded in the financial statements.

h. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

Central Queens Academy Charter School

Notes to Financial Statements

June 30, 2025

Note 2 - Summary of Significant Accounting Policies - Continued

i. Functional Allocation of Expenses - Continued

The following expenses were allocated using the full time equivalent of staff allocation as the basis:

- Salaries: payroll taxes and employee benefits
- Occupancy
- Repairs and maintenance
- Insurance
- Utilities
- Equipment
- Student and staff recruitment
- Information technology
- Office expenses
- Communications
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

j. Advertising

The cost of advertising is expensed as incurred.

k. Related Party Transactions

The School is related to a separate entity, Friends of Central Queens Academy Charter School ("FCQACS") through common board members. See Notes 6 and 9 for a description of various transactions with this related entity.

l. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

m. Summarized Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the School's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Central Queens Academy Charter School

Notes to Financial Statements

June 30, 2025

Note 2 - Summary of Significant Accounting Policies - Continued

n. Accounting for Uncertainty of Income Taxes

The School does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2022 and later are subject to examination by applicable taxing authorities.

Note 3 - Government Grants Receivable/Advances - Per Pupil

Grant advances payable and receivables on the contract with the NYCDOE can be summarized as follows:

	June 30,	
	2025	2024
Beginning grants (advance) receivable	\$ (6,991)	\$ 5,898
Recognition (collection) of prior year balance	6,991	(5,898)
Funding based on allowable FRE's	21,587,163	15,702,824
Advances received	(21,578,252)	(15,709,815)
Ending grants (advance) receivable - per pupil	\$ 8,911	\$ (6,991)

Note 4 - Pledges Receivable

Pledges receivable are due in the following periods:

		June 30,	
		2025	2024
For the years ending June 30,			
	2025	\$ -	\$ 15,695
	2026	335,017	75,000
	2027	140,000	-
	2028	70,000	-
Total		\$ 545,017	\$ 90,695

Pledges receivable at June 30 2025 and 2024 have not been discounted using present value techniques due to the immaterial nature of the discount.

Note 5 - Property and equipment

Property and equipment consist of:

	June 30,	
	2025	2024
Leasehold improvements - (life of lease)	\$ 2,408,810	\$ 1,401,870
Construction in progress	87,976	749,893
Furniture and equipment (3-5 years)	1,811,182	1,344,658
Total	4,307,968	3,496,421
Less accumulated depreciation	(2,220,910)	(1,908,823)
Total property and equipment, net	\$ 2,087,058	\$ 1,587,598

Central Queens Academy Charter School

Notes to Financial Statements

June 30, 2025

Note 6 - Right-of-Use Assets and Lease Liabilities

The School evaluated its existing contracts to determine which meet the criteria of a lease under applicable accounting standards. The right-of-use ("ROU") assets represent the School's right to use the underlying leased assets over the lease term, while the lease liabilities represent the School's obligation to make lease payments under those agreements.

The School occupies educational and administrative facilities in Queens, New York under a sublease agreement with FCQACS (see Note 2k). The underlying premises, originally consisting of separate leases for classroom, administrative, and gymnasium space located at 88-08 Justice Avenue, were assigned to FCQACS effective January 1, 2022. The School entered into a sublease agreement with FCQACS commencing July 1, 2022, under which it remains the primary obligor for the obligations under the original lease agreements. On June 30, 2024, the School entered into a new lease for additional gym space at 8655 Queens Boulevard, 3rd Floor, Elmhurst, New York

Effective July 1, 2024, the School and FCQACS executed an amendment to the sublease agreements to consolidate and update the lease terms for existing properties and began leasing two newly subleased spaces at 88-08 Justice Avenue, additional gymnasium space and additional classroom and administrative space. As a result of the amendment, all of the School's leased facilities are now governed by a single sublease agreement with FCQACS, with a unified expiration date of December 30, 2055.

All ROU assets and lease liabilities arise from finance leases and have been measured based on the present value of future lease payments over the lease terms. The School has elected an accounting policy to use a risk-free interest rate in lieu of its incremental borrowing rate to discount future lease payments. As of June 30, 2025 and 2024, the weighted-average discount rates used to calculate lease liabilities were 4.87% and 3.20%, respectively, and the weighted-average remaining lease term was 30.5 years and 29 years, respectively.

The aggregate future minimum lease payments under these operating leases as of June 30, 2025 are as follows:

For the years ending June 30,		
	2026	\$ 6,080,402
	2027	6,339,352
	2028	6,535,809
	2029	6,572,171
	2030	6,753,984
	Thereafter	221,068,866
Total lease payments		<u>253,350,584</u>
Less: present value discount		(129,668,176)
Total lease obligations		<u>\$ 123,682,408</u>

Central Queens Academy Charter School

Notes to Financial Statements

June 30, 2025

Note 7 - Restricted Cash

An escrow account has been established to meet the requirement of the NYCDOE. The purpose of this account is to ensure sufficient funds are available for an orderly dissolution or transition process in the event of termination of the charter or school closure.

Note 8 - Net Assets with Donor Restrictions

Net assets with donor restrictions are summarized as follows:

	June 30, 2025			
	Beginning Balance 7/1/24	Contributions	Released from Restrictions	Ending Balance 6/30/25
	Programs:			
Technology/smartboards	\$ 10,000	\$ 15,000	\$ (10,000)	\$ 15,000
Expansion of new school	325,000	-	(325,000)	-
Elementary school social worker	50,000	50,000	(50,000)	50,000
Total program restrictions	385,000	65,000	(385,000)	65,000
Time restrictions	262,000	700,000	(200,000)	762,000
Total	\$ 647,000	\$ 765,000	\$ (585,000)	\$ 827,000
	June 30, 2024			
	Beginning Balance 7/1/23	Contributions	Released from Restrictions	Ending Balance 6/30/24
	Programs:			
Technology/smartboards	\$ 15,000	\$ 10,000	\$ (15,000)	\$ 10,000
Chromebooks & after school programming	84,000	-	(84,000)	-
Expansion of new school	-	325,000	-	325,000
Elementary school social worker	-	50,000	-	50,000
Total program restrictions	99,000	385,000	(99,000)	385,000
Time restrictions	312,000	125,000	(175,000)	262,000
Total	\$ 411,000	\$ 510,000	\$ (274,000)	\$ 647,000

Note 9 - Government Grants - New York City Rental Assistance

In addition to per pupil funding, the School was entitled to receive a rent subsidy, that is calculated at the lower of 30% of the per pupil amount or actual lease costs.

As discussed in Note 6, the School has a lease agreement with a related entity, FQCACS. During the years ended June 30, 2025 and 2024, the School made rental payments totaling \$4,960,360 and \$3,432,089, respectively, to FCQACS.

Central Queens Academy Charter School

Notes to Financial Statements

June 30, 2025

Note 10 - Significant Concentrations

The School is dependent upon grants from the NYCDOE to carry out its operations. Approximately 85% and 81% of the School's total public support and revenue was from the NYCDOE for the years ended June 30, 2025 and 2024, respectively. Reductions in funding from the NYCDOE could significantly impact the School's results of operations.

Note 11 - Commitments and Contingences

Government contracts are subject to audit by the grantor. Management does not believe that any audits, if they were to occur, would result in material disallowed costs, and has not established any reserves. Any disallowed costs would be recorded in the period notified.

Note 12 - Employee Benefits

The School has a tax deferred annuity plan under IRS section 401(k) for all employees. Under the plan, employees may opt to defer a portion of their gross pay, having that portion of pay be invested in accordance with applicable federal and state guidelines governing deferred compensation programs. The School contributed \$173,103 and \$143,866 to the plan during the years ended June 30, 2025 and 2024, respectively.

Note 13 - Liquidity and Availability

The School maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management, The School operates its programs within a board approved budget and relies on grants, contributions, and earned income to fund its operations and program activities. The School's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions and contractual obligations. The School's primary sources of support are tuition and fees and donor support. Some of the support received is required to be used in accordance with the purpose restrictions imposed by the donors.

The following reflects the School's financial assets at June 30, 2025 that are available to meet cash needs for general expenditures within one year:

Financial assets

Cash and cash equivalents	\$ 26,031,734
Government grants receivable - per pupil funding	8,911
Government grants receivable - other	454,199
Pledges receivable - due within one year	335,017
Total financial assets, end of year	<u>26,829,861</u>

Donor-imposed restrictions or internal designations

Contributions restricted - purpose restrictions	<u>(65,000)</u>
---	-----------------

Financial assets available to meet cash needs for general expenditures within one year

\$ 26,764,861

Central Queens Academy Charter School

Notes to Financial Statements

June 30, 2025

Note 14 - Subsequent Events

Subsequent events have been evaluated through October 27, 2025, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements.

**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

To the Board of Directors of
Central Queens Academy 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 Central Queens Academy Charter School (the "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 27, 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 have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Sax LLP

New York, NY
October 27, 2025

Central Queens Academy Charter School

Schedule of Findings and Questioned Costs

June 30, 2025

Current Year:

None

Prior Year:

None - There were no findings in the prior year.