

**EARL MONROE NEW RENAISSANCE BASKETBALL
CHARTER SCHOOL**

BRONX, NEW YORK

AUDITED FINANCIAL STATEMENTS

**REPORT REQUIRED BY GOVERNMENT
AUDITING STANDARDS**

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2025

(With Comparative Totals for 2024)



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Earl Monroe New Renaissance Basketball Charter School

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Earl Monroe New Renaissance Basketball Charter 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. 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 Earl Monroe New Renaissance Basketball Charter 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 Earl Monroe New Renaissance Basketball Charter School's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Earl Monroe New Renaissance Basketball 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 Earl Monroe New Renaissance Basketball 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 Summarized Comparative Information

We have previously audited Earl Monroe New Renaissance Basketball Charter School's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 14, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2025 on our consideration of Earl Monroe New Renaissance Basketball 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Earl Monroe New Renaissance Basketball Charter School's internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 22, 2025

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

(With Comparative Totals for 2024)

	June 30,	
<u>ASSETS</u>	2025	2024
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 1,424,983	\$ 736,678
Investments	32,453	-
Grants and other receivables	234,644	275,140
Pledges receivable - current portion	81,000	183,500
Prepaid expenses	39,856	87,251
Due from related party	113,082	120,531
TOTAL CURRENT ASSETS	1,926,018	1,403,100
<u>PROPERTY AND EQUIPMENT</u>	512,605	572,159
<u>OTHER ASSETS</u>		
Right-of-use assets - operating	36,230	60,300
Pledges receivable, net of current portion	23,997	26,460
Security deposit	156,667	156,667
Cash in escrow	100,016	75,026
	316,910	318,453
TOTAL ASSETS	\$ 2,755,533	\$ 2,293,712
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 200,060	\$ 178,288
Current portion of lease liabilities - operating	15,280	24,837
Accrued payroll and benefits	363,625	300,618
TOTAL CURRENT LIABILITIES	578,965	503,743
<u>LONG-TERM LEASE LIABILITIES - OPERATING</u>	21,003	36,283
TOTAL LIABILITIES	599,968	540,026
<u>NET ASSETS</u>		
Without donor restrictions	1,931,692	1,642,364
With donor restrictions	223,873	111,322
TOTAL NET ASSETS	2,155,565	1,753,686
TOTAL LIABILITIES AND NET ASSETS	\$ 2,755,533	\$ 2,293,712

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

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

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

	Year ended June 30, 2025			Year ended June 30, 2024
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue, gains and other support:				
Public school district				
Resident student enrollment	\$ 6,891,072	\$ -	\$ 6,891,072	\$ 5,877,053
Students with disabilities	680,330	-	680,330	711,715
Grants and contracts				
State and local	28,152	-	28,152	10,656
Federal - Title and IDEA	361,448	-	361,448	304,588
Federal - Other	21,088	-	21,088	76,917
Food service/Child nutrition program	177,641	-	177,641	8,433
NYC DoE rental assistance	1,732,480	-	1,732,480	1,698,510
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>9,892,211</u>	<u>-</u>	<u>9,892,211</u>	<u>8,687,872</u>
Expenses:				
Program services:				
Regular education	6,608,632	-	6,608,632	5,328,888
Special education	2,436,818	-	2,436,818	2,328,579
TOTAL PROGRAM SERVICES	<u>9,045,450</u>	<u>-</u>	<u>9,045,450</u>	<u>7,657,467</u>
Management and general	2,069,877	-	2,069,877	1,956,899
TOTAL OPERATING EXPENSES	<u>11,115,327</u>	<u>-</u>	<u>11,115,327</u>	<u>9,614,366</u>
DEFICIT FROM SCHOOL OPERATIONS	(1,223,116)	-	(1,223,116)	(926,494)
Support and other revenue:				
Contributions:				
Foundations	806,500	-	806,500	768,501
Individuals	483,731	-	483,731	311,221
Corporations	287,500	-	287,500	335,000
Miscellaneous income	45,322	-	45,322	13,911
Realized gains	1,942	-	1,942	-
Net assets released from restriction	(112,551)	112,551	-	-
TOTAL SUPPORT AND OTHER REVENUE	<u>1,512,444</u>	<u>112,551</u>	<u>1,624,995</u>	<u>1,428,633</u>
CHANGE IN NET ASSETS	289,328	112,551	401,879	502,139
Net assets at beginning of year	1,642,364	111,322	1,753,686	1,251,547
NET ASSETS AT END OF YEAR	<u>\$ 1,931,692</u>	<u>\$ 223,873</u>	<u>\$ 2,155,565</u>	<u>\$ 1,753,686</u>

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

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

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

	Year ended June 30, 2025							Year ended June 30, 2024
	No. of Positions	Program Services			Supporting Services		Total	
		Regular Education	Special Education	Sub-total	Management and General	Sub-total		
Personnel services costs:								
Administrative staff personnel	15	\$ 1,034,937	\$ 270,718	\$ 1,305,655	\$ 477,849	\$ 477,849	\$ 1,783,504	\$ 1,179,681
Instructional personnel	44	2,332,653	1,168,243	3,500,896	-	-	3,500,896	3,270,612
Non-instructional personnel	6	169,492	44,336	213,828	425,778	425,778	639,606	548,702
Total salaries and wages	65	3,537,082	1,483,297	5,020,379	903,627	903,627	5,924,006	4,998,995
Fringe benefits and payroll taxes		789,337	331,013	1,120,350	201,654	201,654	1,322,004	1,063,261
Retirement		161,793	67,849	229,642	41,334	41,334	270,976	234,713
Legal services		-	-	-	46,518	46,518	46,518	65,489
Accounting/audit services		-	-	-	163	163	163	28,815
Other purchased/professional/consulting services		204,946	53,610	258,556	190,542	190,542	449,098	497,033
Building and land rent/lease		1,012,590	264,873	1,277,463	455,018	455,018	1,732,481	1,516,175
Insurance		37,350	9,770	47,120	16,783	16,783	63,903	55,715
Supplies/materials		120,642	31,558	152,200	-	-	152,200	154,844
Equipment/furnishings		4,874	1,275	6,149	2,190	2,190	8,339	11,353
Leased equipment		19,877	5,199	25,076	8,932	8,932	34,008	26,028
Staff development		57,249	14,975	72,224	25,725	25,725	97,949	81,995
Marketing/recruitment		60,691	15,875	76,566	18,242	18,242	94,808	128,037
Technology		93,001	24,327	117,328	41,791	41,791	159,119	107,270
Food service		138,488	36,226	174,714	-	-	174,714	7,078
Student services		227,677	59,556	287,233	-	-	287,233	208,172
Office expense		2,601	680	3,281	38,950	38,950	42,231	34,544
Travel and conferences		3,703	969	4,672	1,664	1,664	6,336	395
Depreciation and amortization		136,731	35,766	172,497	61,442	61,442	233,939	382,531
Other		-	-	-	15,302	15,302	15,302	11,923
		<u>\$ 6,608,632</u>	<u>\$ 2,436,818</u>	<u>\$ 9,045,450</u>	<u>\$ 2,069,877</u>	<u>\$ 2,069,877</u>	<u>\$ 11,115,327</u>	<u>\$ 9,614,366</u>

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

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

STATEMENT OF CASH FLOWS

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

	Year ended June 30,	
	2025	2024
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 401,879	\$ 502,139
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	233,939	382,531
Noncash contribution of stock retained at year end	(31,500)	-
Realized and unrealized gain on investments	(953)	-
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	40,496	(149,468)
Pledges receivable	104,963	203,340
Prepaid expenses	47,395	35,683
Due from related party	7,449	(54,773)
Accounts payable and accrued expenses	21,772	(15,887)
Accrued payroll and benefits	63,007	117,002
Due to related party	-	(261,182)
Operating lease liability, net of right of use asset	(767)	(182,434)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	887,680	576,951
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(174,385)	(281,152)
NET CASH USED FOR INVESTING ACTIVITIES	(174,385)	(281,152)
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	713,295	295,799
Cash, cash equivalents and restricted cash at beginning of year	811,704	515,905
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	\$ 1,524,999	\$ 811,704

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

STATEMENT OF CASH FLOWS, Cont'd

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

	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash and cash equivalents	\$ 1,424,983	\$ 736,678
Cash in escrow	<u>100,016</u>	<u>75,026</u>
	<u>\$ 1,524,999</u>	<u>\$ 811,704</u>
<u>NON-CASH INVESTING AND FINANCING ACTIVITIES</u>		
Right-of-use assets obtained in exchange for operating lease liabilities	\$ <u>1,692,718</u>	\$ <u>53,273</u>
Donated stock retained, \$32,453 at year end	\$ <u>31,500</u>	\$ <u>-</u>

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

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter School

Earl Monroe New Renaissance Basketball Charter School (the “Charter School”) is an educational corporation that operates as a charter school in Bronx, New York. The Charter School provides high school students with a rigorous academic program in the context of basketball, historically “New York’s Game.” The school graduates students with a college preparatory education and career readiness to succeed in the basketball and other sports-related industries. On January 2, 2019 the Board of Regents of the University of the State of New York granted the Charter School a provisional charter valid for a term of five years and renewable upon expiration on July 31, 2025. On October 17, 2019, the Charter School was granted a request to delay the opening of the Charter School until the 2021-2022 school year and with that an extension of the provisional charter for an additional year, renewable upon expiration on July 31, 2026. Effective January 22, 2021, the original charter agreement was revised to change the name of the Charter School from Lewis Katz New Renaissance Basketball Academy Charter School to Earl Monroe New Renaissance Basketball Charter School.

Basis of accounting

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

Classification of net assets

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

The assets, liabilities, activities and net assets of the Charter School are reported in the following self-balancing net asset groups:

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Charter School had net assets with donor restrictions of \$223,873 and \$111,322 at June 30, 2025 and June 30, 2024, respectively.

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

Revenue recognition

Revenue from Exchange Transactions: The Charter School recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

The Charter School records substantially all revenue over time as follows:

State and local per pupil revenue

The Charter School recognizes revenue as educational programming is provided to students throughout the year. The Charter School earns state and local per pupil revenue based on the approved per pupil tuition rate of the public school district in which the pupil resides. The amount received each year from the resident district is the product of the approved per pupil tuition rate and the full-time equivalent student enrollment of the School. Each NYS school district has a fixed per pupil tuition rate which is calculated annually by NYSED in accordance with NYS Education Law. Amounts are billed in advance every other month and payments are typically received in six installments during the year. At the end of each school year, a reconciliation of actual enrollment to billed enrollment is performed and any additional amounts due or excess funds received are agreed upon between the Charter School and the district(s) and are paid or recouped. Additional funding is available for students requiring special education services. The amount of additional funding is dependent upon the length of time and types of services provided by the Charter School to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

Rental assistance

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

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

	June 30,		
	2025	2024	2022
Grants and other receivables	\$ -	\$ 47,987	\$ 1,731

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

Contributions

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

Contributions and unconditional promises to give are recorded as revenue in the appropriate class of net assets depending on the existence of any donor restrictions. A contribution that is received and expended in the same period for a specific purpose is classified as revenue without donor restrictions.

Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Grant revenue

Some of the Charter School's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Charter School has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying statement of financial position and amounted to \$57,062 and \$226,432 at June 30, 2025 and June 30, 2024, respectively. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position. There was no deferred revenue at June 30, 2025 and June 30, 2024. The Charter School received cost-reimbursement grants of approximately \$5,700 that has not been recognized at June 30, 2024 because qualifying expenditures have not yet been incurred. The Charter School did not have any such cost-reimbursement grants yet to be recorded at June 30, 2025.

Cash and cash equivalents

Cash and cash equivalents include demand deposit accounts and certain money market accounts, and are maintained at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. In the normal course of business, the cash account balances at any given time may exceed insured limits. The Charter School considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash and cash equivalents.

Cash in escrow

The Charter School maintains cash in an escrow account in accordance with the terms of its charter agreement. The agreement requires \$25,000 be placed in escrow each of the first three years of instruction and a balance of \$75,000 be maintained to fund any audit and legal expenses incurred should the Charter School cease operations and dissolve. The amount in escrow was \$100,016 and \$75,026 at June 30, 2025 and June 30, 2024, respectively.

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

Grants and other receivables

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

The Charter School uses historical loss data as a starting point to estimate expected credit losses, given consistent revenue sources since its inception. There were no write-offs for the years ended June 30, 2024 and 2023.

Pledges receivable

Pledges receivable represent unconditional promises to give. Those that are expected to be collected within one year are recorded at their realizable value. Those that are to be collected in future years are recorded at the present value of estimated future collections. Discounts on those amounts are computed using an interest rate applicable to the year in which the promise is received. The gross value and the net present value of the pledges receivable was approximately \$109,500 and \$105,000 at June 30, 2025, respectively. The gross value and the net present value of the pledges receivable was approximately \$216,400 and \$210,000 at June 30, 2024, respectively.

Due from/to related party

At June 30, 2025 and 2024, the Charter School has an amount due from a related party for facility costs paid by the Charter School on behalf of the related party. See Note F for the related party facility lease.

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to seven years. Leasehold improvements are being amortized over the lesser of the assets' useful lives or the remaining term of the lease.

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

Contributed goods and services

The Charter School received transportation services, a nurse, speech therapist, occupational therapist, physical therapist and food supplies and services from the local district. The Charter School was unable to determine a value for these services.

Tax exempt status

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

The Charter School files Form 990 tax returns in the U.S. federal jurisdiction. The Charter School's current and prior three years tax returns remain subject to potential review by taxing authorities. Management of the Charter School believes it has no material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits.

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

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

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruiting costs approximated \$94,800 and \$128,000 at June 30, 2025 and 2024, respectively.

Comparatives for year ended June 30, 2024

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

Use of estimates in the preparation of financial statements

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

Leases

The Charter School leases building space and equipment and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and lease liabilities on the accompanying statement of financial position.

ROU assets represent the Charter School's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Charter School uses a risk free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Charter School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

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

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

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 22, 2025, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE B: LIQUIDITY AND AVAILABILITY

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

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

In addition to financial assets available to meet general expenditures over the next 12 months, the Charter School operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Charter School's cash.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2025 and 2024:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,424,983	\$ 736,678
Investments	32,453	-
Grants and other receivables	234,644	275,140
Pledges receivable - current portion	<u>81,000</u>	<u>183,500</u>
Total financial assets available within one year	1,773,080	1,195,318
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	<u>(15,000)</u>	<u>(15,000)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 1,758,080</u>	<u>\$ 1,180,318</u>

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE C: NET ASSETS

Net assets without donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Undesignated	\$ 1,419,087	\$ 1,070,205
Invested in property and equipment	512,605	572,159
	<u>\$ 1,931,692</u>	<u>\$ 1,642,364</u>

Net assets with donor restrictions are as follows:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Time restricted - unrestricted pledges due in future periods	\$ 18,873	\$ 66,322
Time and purpose restricted - pledges due in future periods for:		
Literacy program	30,000	45,000
Purpose restricted - legacy program	175,000	-
	<u>\$ 223,873</u>	<u>\$ 111,322</u>

NOTE D: PLEDGES RECEIVABLE

Pledges receivable are recorded at their estimated net present value using a discount rate of 2%. Future payments to be received on the pledges receivable are as follows:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Within one year	\$ 81,000	\$ 183,500
In one to four years	28,500	32,861
	109,500	216,361
Less:		
Discount to net present value	(4,503)	(6,401)
	<u>\$ 104,997</u>	<u>\$ 209,960</u>

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE E: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Furniture and fixtures	\$ 298,968	\$ 298,968
Leasehold improvements	494,167	494,168
Office equipment	253,158	233,890
Software	14,650	14,650
Computers and equipment	510,502	404,847
Construction in progress	<u>66,113</u>	<u>16,650</u>
	1,637,558	1,463,173
Less accumulated depreciation and amortization	<u>1,124,953</u>	<u>891,014</u>
	<u>\$ 512,605</u>	<u>\$ 572,159</u>

Depreciation and amortization expense for the years ended June 30, 2025 and 2024 was \$233,939 and \$382,531, respectively.

Construction in progress at June 30, 2025 is comprised of IT redesign and new school buildout for the Charter School's future permanent site. There are no other construction commitments as of June 30, 2025. Construction in progress is stated at cost. No provision for depreciation or amortization is made on construction in progress until such time as the relevant assets are complete and put into use.

NOTE F: LEASES

Related party facility lease

In January 2021, the Charter School entered into a sublease agreement with a related party, Friends of Earl Monroe New Renaissance Basketball Charter School, Inc. ("Sublandlord") for property located at 1617 Parkview Avenue, Bronx, NY. The Sublandlord has entered into a related lease with an unrelated third party ("Overlandlord") which is guaranteed by the Charter School. The terms of that agreement are the same as the sublease. On March 26, 2024, the head lease was extended to June 30, 2026, which calls for base rent of \$1,000,785 for the period July 1, 2025 through June 30, 2026.

The sublease commenced February 1, 2021 and expired June 30, 2024. The sublease also provides for the opportunity for two renewal periods, each with a one-year term. The sublease calls for base rent of \$200,000 for the period February 1, 2021 through June 30, 2021. The revised sublease commenced July 1, 2022 and expired June 30, 2024. The sublease calls for base rent of \$1,698,510 for the year ended June 30, 2024. Upon expiration of this sublease, there was no written sublease in effect at June 30, 2024; therefore, there was no right-of-use asset or liability recorded for this sublease at June 30, 2024. On August 20, 2024, the Charter School extended its sublease to June 30, 2025. The sublease calls for base rent of \$1,732,480 for the year ended June 30, 2025. On May 27, 2025 and effective July 1, 2025, the Charter School entered into a second sublease amendment for this space through June 30, 2026. The second sublease amendment calls for base rent of \$1,767,130 for the year ended June 30, 2026. The sublease required a security deposit of \$156,667 to be made with the Overlandlord which is included in the accompanying statement of financial position at June 30, 2025 and 2024. Rent paid for the sublease for the years ended June 30, 2025 and 2024 was approximately \$1,732,000 and \$1,699,000, respectively.

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE F: LEASES, Cont'd

Equipment leases

The Charter School has operating leases for copier equipment. The leases have various remaining lease terms through January 2028 with total monthly lease payments of approximately \$2,200.

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

		<u>June 30,</u>	
		<u>2025</u>	<u>2024</u>
<u>Statement of Financial Position Classification</u>			
<u>Assets</u>			
Operating Leases	Other assets	<u>\$ 36,230</u>	<u>\$ 60,300</u>
<u>Liabilities</u>			
Current:			
Operating Leases	Current liabilities	\$ 15,280	\$ 24,837
Non-current:			
Operating Leases	Other liabilities	<u>21,003</u>	<u>36,283</u>
		<u>\$ 36,283</u>	<u>\$ 61,120</u>

The components of lease expense were as follows:

	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 1,758,488	\$ 1,545,866

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

		<u>Operating leases</u>
2026		\$ 16,438
2027		14,460
2028		<u>7,230</u>
	Total lease payments	38,128
Less: Interest		<u>(1,845)</u>
	Present value of lease liabilities	<u>\$ 36,283</u>

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE F: LEASES, Cont'd

Supplemental information is as follows:

	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 1,759,254	\$ 1,728,300
Right-of-use assets obtained in exchange for new lease liabilities (non-cash):		
Operating leases	\$ 1,692,718	\$ 53,273
Weighted-average remaining lease term:		
Operating leases	2.37 years	2.96 years
Weighted-average discount rate:		
Operating leases	4.05%	3.93%

NOTE G: CONTINGENCY

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

NOTE H: CONCENTRATIONS

At June 30, 2025 and 2024, 100% and 82%, respectively, of grants and other receivables are due from the federal government relating to certain grants. At June 30, 2024, 17% of grants and other receivables are due from New York City School District. There were no grants and other receivables due from New York City School District at June 30, 2025.

For both the years ended June 30, 2025 and 2024, approximately 76% of total operating revenue and support came from per-pupil funding provided by the New York City School District. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

For the years ended June 30, 2025 and 2024, approximately 17% and 19%, respectively, of total operating revenue and support came from NYC DOE rental assistance.

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE I: RETIREMENT PLAN

The Charter School sponsors a 403(b) retirement plan (the “Plan”) for its employees. The Plan allows for the Charter School to make discretionary contributions to the Plan. The Charter School contributed approximately \$262,000 and \$219,000 to the Plan for the years ended June 30, 2025 and June 30, 2024, respectively.

NOTE J: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses that are allocated to more than one program or supporting function are allocated on the basis of estimates of time and effort.

NOTE K: INVESTMENTS

Investments are recorded at fair value. Realized and unrealized gains and losses are reflected in the accompanying statement of activities and changes in net assets.

Investments consist of the following:

	<u>Market</u>	<u>Cost</u>	<u>Unrealized Appreciation</u>
<u>June 30, 2025</u>			
Mutual funds	\$ 32,453	\$ 31,500	\$ 953

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

NOTE L: FAIR VALUE MEASUREMENTS

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

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

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE L: FAIR VALUE MEASUREMENTS, Cont'd

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

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

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

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

<u>June 30, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Large blend	\$ 32,453	\$ -	\$ -	\$ 32,453
Total assets at fair value	<u>\$ 32,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,453</u>

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE M: LEASE GUARANTEE

In January 2022, a related party, Friends of Earl Monroe New Renaissance Basketball Charter School, Inc. (“Friends”) entered into a lease agreement with an unrelated third party for property located at 647-651 Elton Avenue, Bronx, NY. The property will eventually serve as the permanent location of the Charter School. The Charter School will guarantee this lease. The landlord intends to develop the property into a 7-story building. The term of the lease commences on the date the landlord satisfies the delivery conditions as defined in the lease agreement which is anticipated to be between July 1, 2026 and August 1, 2026. The lease term shall end on June 30th of the thirty-first lease year. The lease is contingent on the landlord’s ability to obtain financing to fund the landlord’s work.

The future minimum payments required by Friends under the lease agreement, assuming the lease commencement date of July 1, 2026 holds true, are as follows:

Year ending June 30,

2026	\$ -
2027	3,356,600
2028	3,457,300
2029	3,561,000
2030	3,667,800
Thereafter	<u>153,796,500</u>
	<u>\$ 167,839,200</u>

NOTE N: RENEWAL PROCESS

The Charter School is currently in the process of renewing its charter as granted by the New York State Board of Regents. The Charter currently expires July 31, 2026. The renewal process includes review by the Board of Regents of the University of the State of New York Charter Schools Institute (“CSI”) of various operational and governance aspects, including fiscal health and internal controls, board governance and academic performance. The Charter School has submitted its application for renewal. Upon review of the application and results, CSI will determine if the charter should be renewed and if so, for how long. Successful charter renewals can range from one to five years. At this time management of the Charter School expect the charter to be renewed.

EARL MONROE NEW RENAISSANCE BASKETBALL CHARTER SCHOOL

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS



BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Earl Monroe New Renaissance Basketball Charter School

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Earl Monroe New Renaissance Basketball Charter School, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated October 22, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Earl Monroe New Renaissance Basketball Charter School's internal control over financial reporting (internal control) to determine the 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 Earl Monroe New Renaissance Basketball Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Earl Monroe New Renaissance Basketball Charter 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Earl Monroe New Renaissance Basketball Charter 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 22, 2025