
**GRAND CONCOURSE ACADEMY
CHARTER SCHOOL AND SUBSIDIARY**

**Consolidated Financial Statements
with Supplementary Information**

For the years ended June 30, 2025 and 2024

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY

Consolidated Financial Statements

June 30, 2025 and 2024

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Independent Auditor's Report

To the Board of Trustees of
Grand Concourse Academy Charter School and Subsidiary

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Grand Concourse Academy Charter School and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Grand Concourse Academy Charter School and Subsidiary 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.

Responsibility of management for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Grand Concourse Academy Charter School and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Grand Concourse Academy Charter School and Subsidiary'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 consolidated financial statements as a whole. The accompanying supplementary financial information from page 18 to 22 is presented for the purpose of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 Grand Concourse Academy Charter School and Subsidiary'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 Grand Concourse Academy Charter School and Subsidiary'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 Grand Concourse Academy Charter School and Subsidiary's internal control over financial reporting and compliance.

NCheng LLP

New York, New York
October 31, 2025

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY**Consolidated Statements of Financial Position**

As of June 30,

	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 14,839,594	\$ 11,588,690
Accounts and grants receivable	509,925	2,217,979
Other receivable	16,307	6,690
Prepaid expenses	187,076	180,870
Total current assets	15,552,902	13,994,229
Property and equipment, net	37,693,212	38,312,237
Other assets		
Reserve for contingency	127,277	507,271
Escrow reserves	3,965,810	4,342,950
Utility deposits	16,500	16,500
Total assets	<u>\$ 57,355,701</u>	<u>\$ 57,173,187</u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable	\$ 369,331	\$ 250,765
Accrued salaries and other payroll related expenses	927,700	1,035,627
Construction costs payable	56,115	437,511
Current portion of bonds payable	355,000	345,000
Accrued interest	930,450	936,315
Deferred revenue	-	31,150
Total current liabilities	2,638,596	3,036,368
Long-term liability		
Bonds payable, less current portion, net	36,171,912	36,498,720
Total liabilities	38,810,508	39,535,088
Net assets		
Undesignated	18,417,916	17,130,828
Reserve - contingency	127,277	507,271
Total net assets without donor restrictions	18,545,193	17,638,099
Total liabilities and net assets	<u>\$ 57,355,701</u>	<u>\$ 57,173,187</u>

The accompanying notes are an integral part of these consolidated financial statements.

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY**Consolidated Statements of Activities**

For the years ended June 30,

	<u>2025</u>	<u>2024</u>
<u>Operating revenue and other support</u>		
State and local per pupil operating revenue		
General education	\$ 13,410,982	\$ 12,669,747
Special education	1,298,096	1,480,233
Total state and local per pupil operating revenue	<u>14,709,078</u>	<u>14,149,980</u>
Grants, contracts and other income		
Federal grants	1,072,597	2,187,466
State and local grants	152,884	134,250
Contributions	519,626	423,200
Employee retention credit	566,394	-
Legal settlement	207,000	-
Interest and other income	769,022	693,636
Total grants, contracts and other support	<u>3,287,523</u>	<u>3,438,552</u>
Total operating revenue and other support	<u>17,996,601</u>	<u>17,588,532</u>
<u>Expenses</u>		
Program expenses		
Regular education	11,878,647	11,684,534
Special education	2,893,759	2,712,524
Total program expenses	<u>14,772,406</u>	<u>14,397,058</u>
Supporting services		
Management and general	2,295,590	3,129,344
Fund-raising	21,511	27,476
Total program and supporting services expenses	<u>17,089,507</u>	<u>17,553,878</u>
Change in net assets	907,094	34,654
Net assets without donor restrictions - beginning of year	<u>17,638,099</u>	<u>17,603,445</u>
Net assets without donor restrictions - end of year	<u>\$ 18,545,193</u>	<u>\$ 17,638,099</u>

The accompanying notes are an integral part of these consolidated financial statements.

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY
Consolidated Statement of Functional Expenses
For the year ended June 30, 2025

	No. of Positions	Program expenses			Supporting services		Total program expenses and supporting services
		Regular education	Special education	Total programs	Management & general	Fund-raising	
Salaries							
Instructional staff personnel	68.10	\$ 4,756,843	\$ 1,401,125	\$ 6,157,968	\$ -	\$ -	\$ 6,157,968
Administrative staff personnel	14.40	1,207,056	139,839	1,346,895	751,141	-	2,098,036
Noninstructional staff personnel	8.70	112,743	13,061	125,804	293,543	-	419,347
Total salaries	91.20	6,076,642	1,554,025	7,630,667	1,044,684	-	8,675,351
Operating expenses							
Payroll taxes and fringe benefits		1,564,785	400,174	1,964,959	269,015	-	2,233,974
Retirement		249,527	63,813	313,340	42,898	-	356,238
Professional and consulting services		104,892	14,169	119,061	405,249	-	524,310
Repairs and maintenance		195,302	49,946	245,248	33,575	-	278,823
Insurance		97,940	25,047	122,987	16,838	-	139,825
Utilities		131,643	33,666	165,309	22,632	-	187,941
Supplies and materials		218,746	25,342	244,088	-	-	244,088
Equipment and furnishings		11,788	3,015	14,803	2,027	-	16,830
Staff development		68,562	15,898	84,460	9,776	-	94,236
Marketing and recruitment		21,269	3,983	25,252	1,867	-	27,119
Technology		115,433	29,521	144,954	19,845	-	164,799
Leased equipment		9,390	2,401	11,791	1,614	-	13,405
Telephone and internet		18,790	4,805	23,595	3,230	-	26,825
Food service		516,494	59,836	576,330	-	-	576,330
Student services		181,985	21,083	203,068	-	-	203,068
Administrative		42,918	10,976	53,894	12,838	-	66,732
Other		-	-	-	754	21,511	22,265
Travel		1,194	305	1,499	205	-	1,704
Storage and moving		-	-	-	21,497	-	21,497
Real estate taxes		217,724	55,680	273,404	37,430	-	310,834
Interest		1,323,213	338,395	1,661,608	227,484	-	1,889,092
Depreciation		710,410	181,679	892,089	122,132	-	1,014,221
Total operating expenses		5,802,005	1,339,734	7,141,739	1,250,906	21,511	8,414,156
Total expenses		\$ 11,878,647	\$ 2,893,759	\$ 14,772,406	\$ 2,295,590	\$ 21,511	\$ 17,089,507

The accompanying notes are an integral part of these consolidated financial statements.

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY
Consolidated Statement of Functional Expenses
For the year ended June 30, 2024

	No. of Positions	Program expenses			Supporting services		Total program expenses and supporting services
		Regular education	Special education	Total programs	Management & general	Fund-raising	
Salaries							
Instructional staff personnel	69.50	\$ 4,986,664	\$ 1,300,741	\$ 6,287,405	\$ -	\$ -	\$ 6,287,405
Administrative staff personnel	13.00	980,820	133,450	1,114,270	769,755	-	1,884,025
Noninstructional staff personnel	8.00	95,371	12,976	108,347	252,810	-	361,157
Total salaries	90.50	6,062,855	1,447,167	7,510,022	1,022,565	-	8,532,587
Operating expenses							
Payroll taxes and fringe benefits		1,557,613	371,793	1,929,406	262,708	-	2,192,114
Retirement		265,422	63,355	328,777	44,766	-	373,543
Professional and consulting services		7,042	15,978	23,020	365,524	-	388,544
Repairs and maintenance		143,255	34,194	177,449	24,162	-	201,611
Insurance		109,997	26,256	136,253	18,552	-	154,805
Utilities		106,757	25,482	132,239	18,006	-	150,245
Supplies and materials		287,932	39,176	327,108	-	-	327,108
Equipment and furnishings		4,906	1,171	6,077	828	-	6,905
Staff development		64,061	14,689	78,750	9,815	-	88,565
Marketing and recruitment		41,960	8,611	50,571	4,872	-	55,443
Technology		88,134	21,037	109,171	14,865	-	124,036
Leased equipment		6,113	1,459	7,572	1,031	-	8,603
Telephone and internet		47,207	11,268	58,475	7,962	-	66,437
Food service		470,280	63,986	534,266	-	-	534,266
Student services		106,948	14,551	121,499	-	-	121,499
Administrative		83,188	19,857	103,045	28,052	-	131,097
Other		-	-	-	16,632	27,476	44,108
Travel		3,854	920	4,774	650	-	5,424
Storage and moving		-	-	-	11,280	-	11,280
Real estate taxes		297,254	70,953	368,207	50,134	-	418,341
Bad debt		-	-	-	901,466	-	901,466
Interest		1,350,635	322,388	1,673,023	227,799	-	1,900,822
Depreciation		579,121	138,233	717,354	97,675	-	815,029
Total operating expenses		5,621,679	1,265,357	6,887,036	2,106,779	27,476	9,021,291
Total expenses		\$ 11,684,534	\$ 2,712,524	\$ 14,397,058	\$ 3,129,344	\$ 27,476	\$ 17,553,878

The accompanying notes are an integral part of these consolidated financial statements.

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY**Consolidated Statements of Cash Flows**

For the years ended June 30,

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 907,094	\$ 34,654
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,014,221	815,029
Amortization of debt issuance costs	39,349	39,349
Amortization of premium to bonds payable	(11,157)	(11,157)
Changes in operating assets and liabilities		
Accounts and grants receivable	1,708,054	77,667
Other receivable	(9,617)	-
Prepaid expenses	(6,206)	(170,153)
Accounts payable	118,566	21,500
Accrued salaries and other payroll related expenses	(107,927)	48,037
Accrued interest	(5,865)	(5,440)
Deferred revenue	(31,150)	9,370
Net cash provided by operating activities	<u>3,615,362</u>	<u>858,856</u>
Cash flows from investing activities		
Acquisition of property and equipment	<u>(776,592)</u>	<u>(5,051,747)</u>
Net cash used in investing activities	<u>(776,592)</u>	<u>(5,051,747)</u>
Cash flows from financing activities		
Repayment of bonds payable	<u>(345,000)</u>	<u>(320,000)</u>
Net cash used in financing activities	<u>(345,000)</u>	<u>(320,000)</u>
Net change in cash, cash equivalents and restricted cash	2,493,770	(4,512,891)
Cash, cash equivalents and restricted cash - beginning of year	<u>16,438,911</u>	<u>20,951,802</u>
Cash, cash equivalents and restricted cash - end of year	<u>\$ 18,932,681</u>	<u>\$ 16,438,911</u>
Cash, cash equivalents and restricted cash as reported within the statements of financial position		
Cash and cash equivalents	\$ 14,839,594	\$ 11,588,690
Reserve contingency	127,277	507,271
Escrow reserves	3,965,810	4,342,950
	<u>\$ 18,932,681</u>	<u>\$ 16,438,911</u>
Supplemental disclosure		
Cash paid for interest	<u>\$ 1,866,765</u>	<u>\$ 1,878,070</u>

The accompanying notes are an integral part of these consolidated financial statements.

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

Note 1 Organization

Grand Concourse Academy Charter School and Subsidiary (the "School") is a public charter school located in the Bronx, New York. The School originally served kindergarten through fifth grade; sixth, seventh, and eighth grade were added each year from 2016-2018. The School was chartered in July 2004 and successfully re-chartered on June 5, 2024, extending its charter through July 21, 2029. The goal of the School is to offer students a high-quality public education on a nondiscriminatory and secular basis. The mission of the School is to create a challenging learning environment that addresses and meets the needs of students in New York City, especially those at risk of academic failure. In a concerted effort to prepare students for entry into the very best middle and high schools of New York City, the School seeks to foster a sense of strong character, ethics, and personal responsibility, as well as high expectations and academic success.

The School is the sole member of 625 Bolton LLC (the "LLC"), a limited liability company formed in January 2022. The LLC was considered as a disregarded entity for federal and state tax purpose.

From hereon in, the School and the LLC are referred to as the "Organization".

Note 2 Summary of significant accounting policies

Principles of consolidation. The financial statements are consolidated to include the accounts of the School and the LLC. All significant intercompany transactions and balances have been eliminated in the consolidation.

Basis of presentation and use of estimates. The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial statements presentation. The consolidated financial statements of the Organization follow the accounting standard for not-for-profit organization, which require the Organization to report information regarding its consolidated statements of financial position and consolidated statements of activities according to the following net asset classifications:

Net assets without donor restrictions. Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

Note 2 Summary of significant accounting policies - (continued)

Net assets with donor restrictions. Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

Cash and cash equivalents. The Organization considers all short-term, highly liquid investments, such as money market funds, to be cash equivalents.

Accounts and grants receivable. Accounts and grants receivable are recorded at net realizable value and do not bear interest. The allowance for doubtful accounts is the School's best estimate of the amount of probable credit losses in existing receivables. Management determines the allowance based on historical write-off experience and reviews its allowance for doubtful accounts periodically. Past due balances are reviewed individually for collectability. Accounts and grants receivable amount to \$509,925 and \$2,217,979 as of June 30, 2025 and 2024, respectively. There is no allowance recorded at June 30, 2025 and 2024, as all amounts are deemed collectible.

Revenue recognition. The Organization recognizes revenue from the state and local governments based on the School's charter status and the number of students enrolled. Such revenue is recorded when services are performed, in accordance with the charter agreement. The New York State Department of Education mandates the rate per pupil. Such revenue is recognized ratably over the related school year in which it is earned.

Grants and contracts. Grants and contracts revenue is recognized when qualifying expenditures are incurred and/or services are provided to the students during the applicable school year. Funds received in advance or any unspent funds for which qualifying expenditures have not been incurred are recorded as refundable advances. Any unspent amounts might be returned to the granting agency or the granting agency can approve that those amounts be applied to a future grant period.

Reserve for contingency. Reserve for contingency relates to required reserve and escrow accounts that are required to be maintained by the Organization in accordance with charter requirements.

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

Note 2 Summary of significant accounting policies - (continued)

Functional allocation of expenses. The cost of providing the various programs and other activities has been summarized on an individual basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expense include expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the school.

The expenses that are allocated include the following:

Salaries	Time and effort
Payroll taxes and fringe benefits	Time and effort
Professional and consulting services	Time and effort
Occupancy	Square footage
Repairs and maintenance	Time and effort
Insurance	Square footage

Property and equipment. Property and equipment are recorded at cost. Donated assets are capitalized at the estimated fair value at date of receipt. Repairs and maintenance are charged to expense as incurred; significant improvements are capitalized. The Organization capitalized additions and significant improvements in excess of \$5,000 with an estimated useful life of greater than one year. Depreciation is computed using the straight-line method over estimated useful lives of the respective assets.

The estimated depreciable lives of the different classes of property and equipment are as follows:

<u>Asset</u>	<u>Useful Life</u>
Building	35 Years
Leasehold improvements	3 Years
Furniture and fixtures	5 – 7 Years
Computer equipment	5 – 7 Years
Office equipment	5 – 7 Years
Software	3 Years

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

Note 2 Summary of significant accounting policies - (continued)

Leases. The Organization determines if a contract is a leasing arrangement at inception. Operating lease right-of-use assets represent the right to control the use of an identified asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. the Organization uses the risk-free rate of return. the Organization recognized operating lease expense for operating leases on a straight-line basis over the lease term.

Leases with an initial term of 12 months or less are not recorded on the consolidated statements of financial position and are expensed on a straight-line basis.

Income taxes. In 2005, Grand Concourse Academy Charter School and Subsidiary filed and received approval of its application for tax exempt status from the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code and has been classified as a publicly supported organization as described in Internal Revenue Code Sec. 509(a)(1) and 170(b)(1)(a)(II).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2025, there are no uncertain positions taken or expected to be taken that would require recognition or disclosure in the consolidated financial statements.

The Organization is no longer subject to income tax examination by tax authorities for years before June 30, 2022.

Note 3 Liquidity and availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of June 30, are:

Financial assets:	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 14,839,594	\$ 11,588,690
Accounts, grants and other receivable	<u>526,232</u>	<u>2,224,669</u>
Amount available for general expenditures within one year	<u>\$ 15,365,826</u>	<u>\$ 13,813,359</u>

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY
Notes to the Consolidated Financial Statements
June 30, 2025 and 2024

Note 4 Property and equipment

Property and equipment consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Land	\$ 5,378,407	\$ 5,378,407
Building	32,517,970	26,011,921
Leasehold improvements	2,550,211	2,550,210
Furniture and fixtures	105,125	84,542
Computer equipment	575,905	517,762
Office equipment	31,507	14,814
Software	3,824	3,824
Construction in progress	<u>201,750</u>	<u>6,408,023</u>
	41,364,699	40,969,503
Less: accumulated depreciation	<u>(3,671,487)</u>	<u>(2,657,266)</u>
Total	<u>\$ 37,693,212</u>	<u>\$ 38,312,237</u>

Note 5 Accrued payroll and other payroll related expenses

Accrued payroll and benefits consist of amounts earned by the staff during the school year but paid over the summer months. As of June 30, 2025 and 2024, total accrued salaries and other payroll related expenses amounted to \$927,700 and \$1,035,627, respectively.

Note 6 Contingency

The Organization participates in a number of federal and state programs. These programs require that the Organization comply with certain laws, regulations, contracts, and agreements applicable to the programs in which it participates. All funds expended in connection with government grants and contracts are subject to audit by government agencies. While the ultimate liability, if any, from such audits of government grants and contracts by government agencies is presently not determinable, it should not, in the opinion of the management, have a material effect on the financial position or results of operations. Accordingly, no provision for any such liability that may result has been made in the accompanying consolidated financial statements.

The Organization is involved in an ongoing litigation related to a construction project agreement with an unrelated third party (the "Plaintiff") which was entered into in 2011. The Organization will record a liability when the Organization believes that it is both probable that a loss has been incurred and the amount can be reasonably estimated. Management is unable to evaluate the likelihood of an unfavorable outcome and estimate of potential loss, based on the facts at this time.

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

Note 7 Retirement plan

The Organization offers a 401(k) plan (the “Plan”) for substantially all of its qualifying employees. Employees are eligible for the Plan immediately upon employment and participation in the plan is voluntary. Employees can make pretax contributions up to a maximum of 100% of their annual compensation up to IRS limits for each calendar year. The Organization matches the employee contribution up to 6% of the employee’s annual compensation. For the years ended June 30, 2025 and 2024, the Organization’s matching contribution was \$356,238 and \$373,543, respectively. Such plan assets are held in a separate trust and are not included in the accompanying consolidated financial statements. All plan assets are held for the exclusive benefit of the Plan’s participants and beneficiaries.

Note 8 Bonds payable

On June 15, 2021, Build NYC Resource Corporation provided construction and permanent financing of \$38,235,000 through the issuance of \$26,235,000 in Tax-Exempt Revenue Bonds (the “Series 2022A Bonds”), bearing interest at 3.4% to 5% per annum, with principal due at varying amounts annually through maturity on July 1, 2056, and \$12,000,000 in Tax-Exempt Revenue Bonds (the “Series 2022B Bonds”), bearing interest at 5% per annum which will be repaid in varying amounts through maturity on July 1, 2062. The proceeds of the bonds will be used for the acquisition and construction of a facility building at Bronx, New York, to be used as classroom and administration space.

Future minimum principal payments for the next five years and in the aggregate thereafter are as follow:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 355,000
2027	365,000
2028	380,000
2029	395,000
2030	415,000
Thereafter	<u>35,660,000</u>
Total	37,570,000
Less: current portion	(355,000)
Add: unamortized bond issuance costs and issuance premium, net	<u>(1,043,088)</u>
Long-term bonds payable, net	<u><u>\$ 36,171,912</u></u>

As of June 30, 2025, the School was in compliance with all debt covenants pursuant to the bond agreement.

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY
Notes to the Consolidated Financial Statements
June 30, 2025 and 2024

Note 9 Commitment

The School entered into a lease agreement in December 2016 with an unrelated third party (the "Landlord") whereby the landlord would develop and build the Organization's new education facility located at 625 Bolton Avenue, Bronx, New York (the "Building"). As part of the lease agreement, the School did not have any obligation to pay base rent or any other obligation to the Landlord during the construction period. The lease term of the operating lease commenced when the construction was substantially complete on August 1, 2019.

On June 2, 2022, the School entered into a sale agreement to exercise its option to purchase the building for \$31,390,328 through its wholly owned subsidiary, 625 Bolton LLC. One percent deposit was paid on the execution of the agreement. The building was purchased on July 14, 2022, with \$38,235,000 funding from Build NYC Resources Corporation (see Note 8).

Note 10 Operating lease

The School has entered into a lease agreement with the LLC for its rental space for a period of 40 years effective July 14, 2022. The School is required to pay rent as defined in the lease agreement. The rent expense is calculated on a straight-line basis over the term of the lease. Rent expense under the lease was eliminated on the consolidated financial statements.

Note 11 Facility lease assistance

Charter schools in New York City have faced challenges regarding denied facility lease assistance. These denials often stem from disputes about funding formulas, eligibility criteria, and the interpretation of state laws that mandate support for charter schools. The School's facility lease assistance is \$1,232,470 for the year ended June 30, 2023. The School received \$331,004, and the balance of \$901,466 was disallowed by New York City Department of Education, and was written off as bad debt expenses for the year ended June 30, 2024. The School will reapply for facility lease assistance and has retained legal counsel to appeal any potential denials from New York City Department of Education.

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

Note 12 Employee retention credit

The Organization applied for and received the federal Employee Retention Credit (“ERC”) under the Coronavirus Aid, Relief, and Economic Security Act and subsequent legislation. The ERC is accounted for as a conditional contribution in accordance with ASC 958-605, *Not-for-Profit Entities—Revenue Recognition*. Conditions are considered met, and revenue is recognized as qualified wages and related benefits are incurred and the Organization has reasonable assurance of compliance with the program’s eligibility requirements.

For the year ended June 30, 2025, the Organization recognized \$566,394 of ERC as grant revenue within the consolidated statements of activities, related to qualified wages incurred during calendar year 2020.

Note 13 Legal settlement

In July 2024, the Organization and Hutchinson River Education Foundation entered into a Stipulation of Discontinuance With Prejudice to settle the lawsuit related to a lease agreement. As part of the settlement, the Organization received \$207,000 which is recorded as legal settlement income on the accompanying consolidated statements of activities.

Note 14 Concentration of risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to significant credit risk on cash and cash equivalents.

The Organization received approximately 82% and 80% of its operating revenue, which is subject to specific requirements from per pupil funding from The New York State Department of Education during the years ended June 30, 2025 and 2024, respectively. Additionally, the Organization’s grants receivable consists of approximately 98% and 93% from the New York State Department of Education as of June 30, 2025 and 2024, respectively.

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

Note 15 Subsequent events

Management has evaluated subsequent events through October 31, 2025, the date that the consolidated financial statements were available to be issued. Based on this evaluation, management has determined that no subsequent events have occurred which require disclosure in the consolidated financial statements.

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY
Consolidating Statement of Financial Position
As of June 30, 2025

	<u>The School</u>	<u>The LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
<u>Assets</u>				
Current assets				
Cash and cash equivalents	\$ 14,839,594	\$ -	\$ -	\$ 14,839,594
Accounts and grants receivable	509,925	-	-	509,925
Other receivable	16,307	-	-	16,307
Rent receivable	-	372,680	(372,680)	-
Prepaid expenses	19,366	167,710	-	187,076
Total current assets	15,385,192	540,390	(372,680)	15,552,902
Property and equipment, net	2,018,712	35,674,500	-	37,693,212
Operating lease right-of-use assets	46,811,521	-	(46,811,521)	-
Other assets				
Reserve for contingency	127,277	-	-	127,277
Escrow reserves	-	3,965,810	-	3,965,810
Investment in The LLC	3,970,624	-	(3,970,624)	-
Utility deposits	16,500	-	-	16,500
Total assets	<u>\$ 68,329,826</u>	<u>\$ 40,180,700</u>	<u>\$ (51,154,825)</u>	<u>\$ 57,355,701</u>
<u>Liabilities and Net Assets</u>				
Current liabilities				
Accounts payable	\$ 742,011	\$ -	\$ (372,680)	\$ 369,331
Accrued salaries and other payroll related	927,700	-	-	927,700
Construction costs payable	56,115	-	-	56,115
Current portion of bonds payable	-	355,000	-	355,000
Current portion of operating lease liabilities	618,872	-	(618,872)	-
Accrued interest	-	930,450	-	930,450
Deferred rent	-	204,886	(204,886)	-
Total current liabilities	2,344,698	1,490,336	(1,196,438)	2,638,596
Long-term liability				
Long-term operating lease liabilities	45,987,763	-	(45,987,763)	-
Bonds payable, less current portion, net	-	36,171,912	-	36,171,912
Total liabilities	48,332,461	37,662,248	(47,184,201)	38,810,508
Net assets				
Undesignated	19,870,088	2,518,452	(3,970,624)	18,417,916
Reserve - contingency	127,277	-	-	127,277
Total net assets without donor restrictions	19,997,365	2,518,452	(3,970,624)	18,545,193
Total liabilities and net assets	<u>\$ 68,329,826</u>	<u>\$ 40,180,700</u>	<u>\$ (51,154,825)</u>	<u>\$ 57,355,701</u>

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY
Consolidating Statement of Financial Position
As of June 30, 2024

	<u>The School</u>	<u>The LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
<u>Assets</u>				
Current assets				
Cash and cash equivalents	\$ 11,588,690	\$ -	\$ -	\$ 11,588,690
Accounts and grants receivable	2,217,979	-	-	2,217,979
Other receivable	6,690	-	-	6,690
Rent receivable	-	373,313	(373,313)	-
Prepaid expenses	180,870	-	-	180,870
Total current assets	13,994,229	373,313	(373,313)	13,994,229
Property and equipment, net	1,938,348	36,373,889	-	38,312,237
Operating lease right-of-use assets	47,440,557	-	(47,440,557)	-
Other assets				
Reserve for contingency	507,271	-	-	507,271
Escrow reserves	-	4,342,950	-	4,342,950
Investment in The LLC	3,506,341	-	(3,506,341)	-
Utility deposits	16,500	-	-	16,500
Total assets	<u>\$ 67,403,246</u>	<u>\$ 41,090,152</u>	<u>\$ (51,320,211)</u>	<u>\$ 57,173,187</u>
<u>Liabilities and Net Assets</u>				
Current liabilities				
Accounts payable	\$ 624,078	\$ -	\$ (373,313)	\$ 250,765
Accrued salaries and other payroll related	1,035,627	-	-	1,035,627
Construction costs payable	-	437,511	-	437,511
Current portion of bonds payable	-	345,000	-	345,000
Current portion of operating lease liabilities	598,985	-	(598,985)	-
Accrued interest	-	936,315	-	936,315
Deferred rent	-	234,937	(234,937)	-
Deferred revenue	31,150	-	-	31,150
Total current liabilities	2,289,840	1,953,763	(1,207,235)	3,036,368
Long-term liability				
Long-term operating lease liabilities	46,606,635	-	(46,606,635)	-
Bonds payable, less current portion, net	-	36,498,720	-	36,498,720
Total liabilities	48,896,475	38,452,483	(47,813,870)	39,535,088
Net assets				
Undesignated	17,999,500	2,637,669	(3,506,341)	17,130,828
Reserve - contingency	507,271	-	-	507,271
Total net assets without donor restrictions	18,506,771	2,637,669	(3,506,341)	17,638,099
Total liabilities and net assets	<u>\$ 67,403,246</u>	<u>\$ 41,090,152</u>	<u>\$ (51,320,211)</u>	<u>\$ 57,173,187</u>

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY
Consolidating Statement of Activities
For the year ended June 30, 2025

	<u>The School</u>	<u>The LLC</u>	<u>Elimination</u>	<u>Consolidated</u>
Operating revenue and other support				
State and local per pupil operating revenue				
General education	\$ 13,410,982	\$ -	\$ -	\$ 13,410,982
Special education	1,298,096	-	-	1,298,096
Total state and local per pupil operating revenue	<u>14,709,078</u>	<u>-</u>	<u>-</u>	<u>14,709,078</u>
Grants, contract and other support				
Federal grants	1,072,597	-	-	1,072,597
State and local grants	152,884	-	-	152,884
Rental income	-	2,267,568	(2,267,568)	-
Contributions	519,626	-	-	519,626
Employee retention credit	566,394	-	-	566,394
Legal settlement	207,000	-	-	207,000
Interest and other income	602,168	166,854	-	769,022
Total grants, contract and other support	<u>3,120,669</u>	<u>2,434,422</u>	<u>(2,267,568)</u>	<u>3,287,523</u>
Total operating revenue and other support	<u>17,829,747</u>	<u>2,434,422</u>	<u>(2,267,568)</u>	<u>17,996,601</u>
Expenses				
Program expenses				
Regular education	11,353,062	2,113,901	(1,588,316)	11,878,647
Special education	2,759,347	540,604	(406,192)	2,893,759
Total program expenses	<u>14,112,409</u>	<u>2,654,505</u>	<u>(1,994,508)</u>	<u>14,772,406</u>
Supporting services				
Management and general	2,205,233	363,417	(273,060)	2,295,590
Fund-raising	21,511	-	-	21,511
Total program and supporting	<u>2,226,744</u>	<u>363,417</u>	<u>(273,060)</u>	<u>2,317,101</u>
Total program and supporting services expenses	<u>16,339,153</u>	<u>3,017,922</u>	<u>(2,267,568)</u>	<u>17,089,507</u>
Change in net assets	1,490,594	(583,500)	-	907,094
Net assets without donor restrictions - beginning of year	18,506,771	2,637,669	(3,506,341)	17,638,099
Capital contribution	-	464,283	(464,283)	-
Net assets without donor restrictions - end of year	<u>\$ 19,997,365</u>	<u>\$ 2,518,452</u>	<u>\$ (3,970,624)</u>	<u>\$ 18,545,193</u>

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY
Consolidating Statement of Activities
For the year ended June 30, 2024

	The School	The LLC	Elimination	Consolidated
Operating revenue and other support				
State and local per pupil operating revenue				
General education	\$ 12,669,747	\$ -	\$ -	\$ 12,669,747
Special education	1,480,233	-	-	1,480,233
Total state and local per pupil operating revenue	<u>14,149,980</u>	<u>-</u>	<u>-</u>	<u>14,149,980</u>
Grants, contract and other support				
Federal grants	2,187,466	-	-	2,187,466
State and local grants	134,250	-	-	134,250
Rental income	-	2,268,143	(2,268,143)	-
Contributions	423,200	-	-	423,200
Interest and other income	510,996	182,640	-	693,636
Total grants, contract and other support	<u>3,255,912</u>	<u>2,450,783</u>	<u>(2,268,143)</u>	<u>3,438,552</u>
Total operating revenue and other support	<u>17,405,892</u>	<u>2,450,783</u>	<u>(2,268,143)</u>	<u>17,588,532</u>
Expenses				
Program expenses				
Regular education	11,142,203	2,153,967	(1,611,636)	11,684,534
Special education	2,583,073	514,139	(384,688)	2,712,524
Total program expenses	<u>13,725,276</u>	<u>2,668,106</u>	<u>(1,996,324)</u>	<u>14,397,058</u>
Supporting services				
Management and general	3,037,875	363,288	(271,819)	3,129,344
Fund-raising	27,476	-	-	27,476
Total program and supporting	<u>3,065,351</u>	<u>363,288</u>	<u>(271,819)</u>	<u>3,156,820</u>
Total program and supporting services expenses	<u>16,790,627</u>	<u>3,031,394</u>	<u>(2,268,143)</u>	<u>17,553,878</u>
Change in net assets	615,265	(580,611)	-	34,654
Net assets without donor restrictions - beginning of year	17,891,506	1,978,219	(2,266,280)	17,603,445
Capital contribution	-	1,240,061	(1,240,061)	-
Net assets without donor restrictions - end of year	<u>\$ 18,506,771</u>	<u>\$ 2,637,669</u>	<u>\$ (3,506,341)</u>	<u>\$ 17,638,099</u>

GRAND CONCOURSE ACADEMY CHARTER SCHOOL AND SUBSIDIARY

Schedule of Debt Covenants

For the year ended June 30, 2025

	<u>Minimum Requirement</u>	<u>Actual</u>
Debt service coverage ratio	1.10	1.73
Days cash on hand	60	299

The debt service coverage ratio is calculated as follows:

Increase in net assets	\$ 907,094	
Add back:		
Interest expense	1,860,900	
Interest expense-amortization of bond issuance costs	39,349	
Interest expense-amortization of bond premium	(11,157)	
Depreciation	1,014,221	
Net revenues available for debt service	<u>\$ 3,810,407</u>	
Debt service payments		
Interest expense	\$ 1,860,900	
Principal	345,000	
Total current debt service	<u>\$ 2,205,900</u>	
Net revenues available for debt service	\$ 3,810,407	=
Total current debt service	\$ 2,205,900	1.73

The days cash on hand is calculated as follows:

Total expenses	\$ 17,089,507	
Less: Depreciation and amortization	1,042,413	
Net expenses	<u>18,131,920</u>	
Number of days	365	
Cash used per day	<u>\$ 49,676</u>	
Cash and cash equivalents at year end	\$ 14,839,594	=
Cash used per day	\$ 49,676	299

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*

To the Board of Trustees of
Grand Concourse Academy Charter School and Subsidiary

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 consolidated financial statements of Grand Concourse Academy Charter School and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated 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 consolidated financial statements, we considered Grand Concourse Academy Charter School and Subsidiary and Subsidiary’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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grand Concourse Academy Charter School and Subsidiary’s internal control. Accordingly, we do not express an opinion on the effectiveness of Grand Concourse Academy Charter School and Subsidiary’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 organization’s consolidated 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 Grand Concourse Academy Charter School and Subsidiary’s consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this report

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

NChing LLP

New York, New York
October 31, 2025