



FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

HENRY JOHNSON CHARTER SCHOOL

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JUNE 30, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Henry Johnson Charter School

Report on the Audit of Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2025, on our consideration of Henry Johnson Charter School’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Henry Johnson Charter School’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Henry Johnson Charter School’s internal control over financial reporting and compliance.



CUSACK & COMPANY, CPA’S LLC

Latham, New York
October 7, 2025

HENRY JOHNSON CHARTER SCHOOL

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2025 AND 2024

	<u>ASSETS</u>	<u>2025</u>	<u>2024</u>
Current Assets			
Cash - Operating		\$ 1,590,516	\$ 1,643,275
Grants and Contracts Receivable		319,051	350,794
Prepaid Expenses		<u>14,983</u>	<u>-</u>
Total Current Assets		<u>1,924,550</u>	<u>1,994,069</u>
Other Assets			
Property and Equipment - Net		5,818,435	6,073,946
Cash - Board Designated		1,938,722	1,854,465
Deposits		<u>8,336</u>	<u>8,336</u>
Total Other Assets		<u>7,765,493</u>	<u>7,936,747</u>
Total Assets		<u>\$ 9,690,043</u>	<u>\$ 9,930,816</u>
<u>LIABILITIES AND NET ASSETS</u>			
Current Liabilities			
Current Portion of Long-Term Debt		\$ 155,086	\$ 146,076
Accounts Payable and Accrued Expenses		64,033	85,213
Accrued Payroll and Benefits		298,820	292,836
Compensated Absences		<u>77,134</u>	<u>84,172</u>
Total Current Liabilities		595,073	608,297
Long-Term Liabilities			
Long-Term Debt, Net of Current Portion		<u>4,752,554</u>	<u>4,903,819</u>
Total Liabilities		<u>5,347,627</u>	<u>5,512,116</u>
Net Assets			
Without Donor Restrictions			
Undesignated		2,403,694	2,564,235
Board Designated		<u>1,938,722</u>	<u>1,854,465</u>
Total Net Assets		<u>4,342,416</u>	<u>4,418,700</u>
Total Liabilities and Net Assets		<u>\$ 9,690,043</u>	<u>\$ 9,930,816</u>

HENRY JOHNSON CHARTER SCHOOL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Revenue		
Public School District		
Resident Student Enrollment	\$ 5,635,628	\$ 5,470,089
Students with Disabilities	84,994	70,397
Grants and Contracts		
Federal Grants	222,867	410,371
Food Service/Child Nutrition Program	<u>620,924</u>	<u>560,647</u>
Total Revenue	<u>6,564,413</u>	<u>6,511,504</u>
Expenses		
Program Services		
Regular Education	4,263,040	4,534,374
Special Education	308,418	291,637
Other Education	<u>857,672</u>	<u>897,798</u>
Total Program Services	5,429,130	5,723,809
Management and General	<u>1,333,637</u>	<u>1,231,033</u>
Total Operating Expenses	<u>6,762,767</u>	<u>6,954,842</u>
Deficit from School Operations	<u>(198,354)</u>	<u>(443,338)</u>
Other Revenue		
Fundraising	323	-
E-Rate Income	13,500	14,075
Interest Income	84,257	77,400
Miscellaneous Income	<u>23,990</u>	<u>14,156</u>
Total Other Revenue	<u>122,070</u>	<u>105,631</u>
Change in Net Assets	(76,284)	(337,707)
Net Assets, Beginning of Year	<u>4,418,700</u>	<u>4,756,407</u>
Net Assets, End of Year	<u>\$ 4,342,416</u>	<u>\$ 4,418,700</u>

HENRY JOHNSON CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ (76,284)	\$ (337,707)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities		
Amortization of Debt Issuance Costs	3,821	3,821
Depreciation	255,511	264,164
Changes in Operating Assets and Liabilities		
(Increase) Decrease in Assets:		
Grants and Contracts Receivable	31,743	(875)
Prepaid Expenses	(14,983)	-
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(21,180)	15,874
Accrued Payroll and Benefits	5,984	(31,192)
Compensated Absences	<u>(7,038)</u>	<u>11,819</u>
Net Cash Provided By (Used In) Operating Activities	<u>177,574</u>	<u>(74,096)</u>
Cash Flows From Investing Activities		
Purchase of Property and Equipment	<u>-</u>	<u>(35,645)</u>
Cash Flows From Financing Activities		
Repayments of Long-Term Debt	<u>(146,076)</u>	<u>(136,777)</u>
Change in Cash	31,498	(246,518)
Cash, Beginning of Year	<u>3,497,740</u>	<u>3,744,258</u>
Cash, End of Year	<u>\$ 3,529,238</u>	<u>\$ 3,497,740</u>
Supplemental Disclosure of Cash flow Information		
Cash Paid for Interest	<u>\$ 303,438</u>	<u>\$ 312,736</u>
Cash is reported on the Statement of Financial Position as follows as of June 30:		
Cash - Operating	\$ 1,590,516	\$ 1,643,275
Cash - Board Designated	<u>1,938,722</u>	<u>1,854,465</u>
Total	<u>\$ 3,529,238</u>	<u>\$ 3,497,740</u>

HENRY JOHNSON CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2025

	<u>Program Services</u>				<u>Supporting Services</u>	
	<u>Regular Education</u>	<u>Special Education</u>	<u>Other Education</u>	<u>Total</u>	<u>Management and General</u>	<u>Total</u>
Administrative Personnel	\$ 204,342	\$ -	\$ -	\$ 204,342	\$ 817,366	\$ 1,021,708
Instructional Personnel	2,308,050	155,695	-	2,463,745	-	2,463,745
Non-Instructional Personnel	-	-	224,018	224,018	-	224,018
Total Salaries	2,512,392	155,695	224,018	2,892,105	817,366	3,709,471
Fringe Benefits and Payroll Taxes	540,260	33,480	-	573,740	175,765	749,505
Retirement	81,708	5,064	-	86,772	26,582	113,354
Legal Services	702	44	-	746	229	975
Accounting and Audit Services	17,949	1,112	-	19,061	5,839	24,900
Other Purchased, Professional and Consulting Services	143,733	53,140	-	196,873	60,312	257,185
Repairs and Maintenance	229,827	14,243	27,760	271,830	47,011	318,841
Insurance	63,493	3,935	7,669	75,097	12,988	88,085
Utilities	41,711	2,585	5,038	49,334	8,532	57,866
Supplies and Materials	35,760	2,216	-	37,976	25,419	63,395
Staff Development	31,502	1,952	-	33,454	-	33,454
Marketing and Recruitment	9,819	608	-	10,427	3,194	13,621
Technology	33,850	2,098	-	35,948	11,013	46,961
Food Service	-	-	260,471	260,471	-	260,471
Student Services	78,436	4,861	328,339	411,636	-	411,636
Office Expense	36,241	2,246	4,377	42,864	7,413	50,277
Depreciation	184,178	11,414	-	195,592	59,919	255,511
Interest Expense	221,479	13,725	-	235,204	72,055	307,259
Total Expenses	<u>\$ 4,263,040</u>	<u>\$ 308,418</u>	<u>\$ 857,672</u>	<u>\$ 5,429,130</u>	<u>\$ 1,333,637</u>	<u>\$ 6,762,767</u>

HENRY JOHNSON CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Program Services</u>				<u>Supporting</u>	<u>Total</u>
	<u>Regular</u>	<u>Special</u>	<u>Other</u>	<u>Total</u>	<u>Management</u>	
	<u>Education</u>	<u>Education</u>	<u>Education</u>		<u>and General</u>	
Administrative Personnel	\$ 186,348	\$ -	\$ -	\$ 186,348	\$ 745,393	\$ 931,741
Instructional Personnel	2,444,137	140,354	-	2,584,491	-	2,584,491
Non-Instructional Personnel	-	-	221,199	221,199	-	221,199
Total Salaries	2,630,485	140,354	221,199	2,992,038	745,393	3,737,431
Fringe Benefits and Payroll Taxes	592,812	31,630	-	624,442	167,983	792,425
Retirement	80,988	4,321	-	85,309	22,949	108,258
Legal Services	13,341	712	-	14,053	3,781	17,834
Accounting and Audit Services	15,336	818	-	16,154	4,346	20,500
Other Purchased, Professional and Consulting Services	183,950	59,515	-	243,465	65,495	308,960
Repairs and Maintenance	218,065	11,635	26,551	256,251	35,242	291,493
Insurance	62,322	3,325	7,588	73,235	10,072	83,307
Utilities	38,897	2,075	4,736	45,708	6,286	51,994
Supplies and Materials	46,253	2,468	-	48,721	21,537	70,258
Staff Development	43,108	2,300	-	45,408	-	45,408
Marketing and Recruitment	4,844	258	-	5,102	1,373	6,475
Technology	62,964	3,360	-	66,324	17,842	84,166
Food Service	-	-	248,025	248,025	-	248,025
Student Services	71,745	3,828	385,459	461,032	-	461,032
Office Expense	34,827	1,858	4,240	40,925	5,629	46,554
Depreciation	197,621	10,544	-	208,165	55,999	264,164
Interest Expense	236,816	12,636	-	249,452	67,106	316,558
Total Expenses	<u>\$ 4,534,374</u>	<u>\$ 291,637</u>	<u>\$ 897,798</u>	<u>\$ 5,723,809</u>	<u>\$ 1,231,033</u>	<u>\$ 6,954,842</u>

1. ORGANIZATION AND PURPOSE

Organization

Henry Johnson Charter School (the “School”) is a New York not-for-profit organization that works to ensure all students reach the highest levels of scholastic achievement in an environment that instills character, virtue and “habits of mind” that ensure success both within and outside the classroom: diligence, courage, respect, self-reliance, duty and responsibility.

A provisional charter, valid for five years, was granted to the School by the University of the State of New York pursuant to Article 56 of the Education Law of the State of New York. The School began providing educational services in the fall of 2007 for K-1 grades. The provisional charter allowed for an additional grade to be added in each subsequent year until the School reached grades K-4. The School’s charter renewal has been granted through July 31, 2030. As of June 30, 2025, the School had an enrollment of 326 students in K to 4th grades.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies and Financial Statement Presentation

The following summarizes the significant accounting policies consistently applied in the preparation of the School’s financial statements, with references to the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) where applicable.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred. This basis of accounting is in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition

A substantial portion of the School’s revenue and related receivables is derived from its billing to Albany City School District. State law requires districts to reimburse the School on a per capita basis. These revenues are recognized ratably over the related school year during which they are earned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Grants, contributions and unconditional promises to give are measured at their fair values and reported as an increase in net assets. The School reports gifts of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions. The School reports gifts of goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized in accordance with a five-step model as follows:

- Identify the contract with the customer
- Identify the performance obligation(s) in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation(s) in the contract
- Recognize revenue when earned or as performance obligation(s) are satisfied

Contract Assets

Amounts related to services provided to customers which have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract asset balances consist primarily of services provided to customers who are still receiving services at the end of the year. There were no contract assets at June 30, 2025 and 2024.

Contract Liabilities

Contract liabilities represent revenue that has been deferred for the funds advanced by third party payors for the School's contracts related to services that have not yet been provided to customers. Contract liabilities consist of payments made by funding and other sources for the School's contracts for services not yet performed that are expected to be performed within the next fiscal year. There were no contract liabilities at June 30, 2025 and 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

Directly identifiable expenses are charged to the programs and supporting services benefitted. Expenses related to more than one function are charged to programs and supporting services using specific allocation methods. Administrative expenses include those expenses not directly identifiable with any other specific function, but provide for the overall support and direction of the School.

Grants and Contracts Receivable

Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of accounts previously written off are recorded when received. A receivable is considered past due if any portion of the receivable balance is outstanding for more than 90 days. Management considers all receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

Conditional and Unconditional Promises to Give

At June 30, 2025 and 2024, the School had not received any conditional or unconditional promises to give.

Property, Equipment and Depreciation

Acquisitions of property and equipment in excess of \$1,000 (individually) or \$2,500 (aggregated), are capitalized and recorded at cost. Improvements and replacements of property and equipment are capitalized. Maintenance and repairs not improving or extending the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statement of activities. Depreciation is provided over the estimated useful life of each class of depreciable assets (ranging from 3 to 39 years) and is computed using the straight-line method.

Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the School and changes therein are reported according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the School and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Estimates

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

Advertising Costs

The School expenses advertising costs as they are incurred. Advertising costs for the years ended June 30, 2025 and 2024 were \$13,621 and \$6,475, respectively, and reported in the Statement of Functional Expenses as marketing and recruitment.

Tax Status

The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the School qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(ii) and has been classified as a school that is not a private foundation under Section 509(a).

Donated Services

The School received donated services from unpaid volunteers who assisted in fund raising, office administration and program activities. For the services donated, the criteria for recognition in these financial statements of such volunteer effort was not met and, therefore, no revenue and expense has been reflected in these financial statements. Management has estimated that volunteers have provided approximately 100 hours in assisting the School in each of the years ended June 30, 2025 and 2024, respectively.

Fair Value

The ASC requires expanded disclosures about fair value measurements and establishes a three-level hierarchy for fair value measurements based on the observable input to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that the School would receive upon selling an asset or pay to transfer a liability in an orderly transaction between market participants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting for Uncertainty in Income Taxes

The School follows the ASC, *Accounting for Income Taxes*, and their current accounting policy for evaluating uncertain tax positions is in accordance with generally accepted accounting principles. The School has not recognized any benefits from uncertain tax positions in 2025 and believes it has no uncertain tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the balance sheet date of June 30, 2025.

Forms 990 and state income tax returns (if applicable) filed by the School are subject to examination by taxing authorities up to three years after the extended due date of each return. Forms 990 and state income tax filings for the School are no longer subject to examination for the year ended June 30, 2021 and prior.

Reclassifications

Certain 2024 amounts have been reclassified to conform to the 2025 financial statement presentation.

Subsequent Events

The School follows the ASC, *Subsequent Events*, which establishes general standards of accounting for, and disclosure of, events that occur after the date of the financial statements but before the financial statements are issued or are available to be issued. In the preparation of these financial statements and notes thereto, management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through October 7, 2025, the date the financial statements were available to be issued. No such events or transactions were identified by management.

3. BOARD DESIGNATED CASH

The School has internally designated cash in the amount of \$1,938,722 and \$1,854,465 as of June 30, 2025 and 2024, respectively. The intended purpose of this designation is to provide for capital projects and unforeseen operating costs within the next operating cycle and is comprised of the following:

	<u>2025</u>	<u>2024</u>
Dissolution Escrow (1)	\$ 80,090	\$ 76,609
General Savings	214,300	204,986
Capital Reserve Fund	<u>1,644,332</u>	<u>1,572,870</u>
	<u>\$ 1,938,722</u>	<u>\$ 1,854,465</u>

(1) As required in the School's Charter Agreement.

HENRY JOHNSON CHARTER SCHOOL
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025 AND 2024

4. GRANTS AND CONTRACTS RECEIVABLE

At June 30, 2025 and 2024, grants and contracts receivable were comprised of the following:

	<u>2025</u>	<u>2024</u>
School District Tuition	\$ 171,851	\$ (1,427)
Grants Receivable	<u>147,200</u>	<u>352,221</u>
	<u>\$ 319,051</u>	<u>\$ 350,794</u>

5. PROPERTY AND EQUIPMENT, NET

Property and equipment are reflected at historical cost, net of related depreciation, and are comprised of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Buildings	\$ 6,983,442	\$ 6,983,442
Building Improvements	167,992	167,992
Land	483,000	483,000
Land Improvements	15,684	15,684
Equipment	592,265	592,265
Furniture and Fixtures	<u>252,753</u>	<u>252,753</u>
Total at Cost	8,495,136	8,495,136
Less: Accumulated Depreciation	<u>(2,676,701)</u>	<u>(2,421,190)</u>
	<u>\$ 5,818,435</u>	<u>\$ 6,073,946</u>

Depreciation expense was \$255,511 and \$264,164 for the years ended June 30, 2025 and 2024, respectively.

6. LONG-TERM DEBT

Long-term debt is comprised of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Mortgage loan payable to Local Initiatives Support Corporation (“LISC”), in monthly payments of \$36,659, including interest at 6%, maturing in September, 2043, collateralized by the building.	\$ 4,976,419	\$ 5,122,495
Less: unamortized debt issuance costs	(68,779)	(72,600)
Less: current portion	<u>(155,086)</u>	<u>(146,076)</u>
Long-term debt, net of current portion and unamortized debt issuance costs	<u>\$ 4,752,554</u>	<u>\$ 4,903,819</u>

6. LONG-TERM DEBT (CONTINUED)

Unamortized debt issuance costs as of June 30, 2025 and 2024 consist of the following:

	<u>2025</u>	<u>2024</u>
Transaction and Financing Costs - Twenty-Eight Year Amortization	\$ 108,900	\$ 108,900
Less: Accumulated Amortization	<u>(40,121)</u>	<u>(36,300)</u>
Unamortized Debt Issuance Costs	<u>\$ 68,779</u>	<u>\$ 72,600</u>

Estimated debt maturities at June 30 over the next five (5) years and thereafter are as follows:

2026	\$ 155,086
2027	164,651
2028	174,048
2029	185,541
2030	196,985
Thereafter	<u>4,100,108</u>
	<u>\$ 4,976,419</u>

7. RETIREMENT PLAN

The School has adopted a SIMPLE IRA retirement plan that substantially all employees are eligible to participate in. The School contributes a matching contribution of up to 3% of the employee's gross compensation to any employee who contributes to the plan. As of January 1, 2022 the School switched from a Simple IRA to a 403(b) plan. The new plan has a 3 year vesting period with a matching contribution of up to 5% of the employee's gross compensation. The School's retirement plan expense for the years ended June 30, 2025 and 2024 was \$113,354 and \$108,258, respectively.

8. CONCENTRATION OF RISK

The School receives a substantial portion of its funding from school districts where students reside. Three school districts comprised approximately 74% of total revenue for both the years ended June 30, 2025 and 2024. No other funding source accounted for more than 10% of total revenue.

The School does occasionally maintain deposits in excess of federal insured limits. The ASC identifies this as a possible concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions.

8. CONCENTRATION OF RISK (CONTINUED)

The School is subject to audits and reviews of reimbursable costs by various governmental agencies. The outcome of the audits and reviews may have the effect of retroactively increasing or decreasing revenue from various sources. These changes, if any, will be recognized in accordance with the rules and guidelines established by the various funding sources.

9. LIQUIDITY AND AVAILABILITY OF RESOURCES

The School has \$1,909,567 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of operating cash of \$1,590,516 and grants and contracts receivable of \$319,051. The School has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$1,130,000. The School has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**ADDITIONAL REPORT REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***

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**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
Henry Johnson Charter School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Henry Johnson Charter School (the "School") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 7, 2025.

Report on Internal Control over Financial Reporting

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



CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 7, 2025