

INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

**INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
JUNE 30, 2025 AND 2024**

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LIPSKY GOODKIN & Co., P. C.
CERTIFIED PUBLIC ACCOUNTANTS
120 WEST 45TH STREET
NEW YORK, NEW YORK 10036

TEL (212) 840-6444

FAX (212) 921-7186

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
N. Y. STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Trustees of
International Leadership Charter High School

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of International Leadership Charter High School, a New York not-for-profit corporation, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of International Leadership Charter High 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 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 International Leadership Charter High 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.

Prior Period Financial Statements

The financial statements as of June 30, 2024 were audited by A Gary Aaronson CPA, PLLC, who merged with Lipsky Goodkin & Co., P.C. in January 2025, whose report dated January 11, 2025 expressed an unmodified opinion on those statements.

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 International Leadership Charter High School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 International Leadership Charter High School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about International Leadership Charter High School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 International Leadership Charter High School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of International Leadership Charter High School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering International Leadership Charter High School's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lepsky Goodkin & Co., P.C." The signature is written in a cursive, flowing style.

New York, New York
December 1, 2025

**INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024**

ASSETS

| | <u>2025</u> | <u>2024</u> |
|---|----------------------------|----------------------------|
| Current Assets | | |
| Cash | \$ 430,732 | \$ 542,522 |
| Grants and other receivable | 34,789 | 347,592 |
| Investment - retirement plan | 124,524 | 83,524 |
| Prepaid expenses | <u>63,143</u> | <u>35,377</u> |
| Total Current Assets | 653,188 | 1,009,015 |
| Property and Equipment | | |
| Building | 18,049,106 | 18,052,256 |
| Land | 2,530,000 | 2,530,000 |
| Furniture and fixtures | 403,464 | 398,719 |
| Leasehold Improvements | 1,424,061 | 1,424,061 |
| Computers and equipment | <u>1,287,501</u> | <u>1,117,646</u> |
| | 23,694,132 | 23,522,682 |
| Less accumulated depreciation | <u>(6,272,118)</u> | <u>(5,103,353)</u> |
| Property and equipment, net | 17,422,014 | 18,419,329 |
| Right-of-use assets-Operating leases, net | 502,760 | 906,674 |
| Other Assets | | |
| Restricted cash | 2,629,933 | 2,826,675 |
| Predevelopment costs | 854,635 | 854,635 |
| Construction in progress | - | 14,462 |
| Security deposits | 25,609 | 25,609 |
| Cash in escrow | <u>75,043</u> | <u>75,037</u> |
| Total Other Assets | <u>3,585,220</u> | <u>3,796,418</u> |
| TOTAL ASSETS | <u><u>\$22,163,182</u></u> | <u><u>\$24,131,436</u></u> |

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

**INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024**

LIABILITIES AND NET ASSETS

| | <u>2025</u> | <u>2024</u> |
|---|----------------------------|----------------------------|
| Current Liabilities | | |
| Accounts payable | \$ 895,890 | \$ 1,158,317 |
| Accrued expenses | 398,818 | 476,175 |
| Accrued interest payable | 512,194 | 525,700 |
| Deferred compensation | 124,524 | 83,524 |
| Deferred revenue | 70,000 | - |
| Current portion of lease obligations - operating leases | 516,053 | 479,619 |
| Loans payable - bank | 95,606 | 95,927 |
| Notes payable - current | 89,644 | 207,891 |
| Bonds payable - current | <u>495,000</u> | <u>465,000</u> |
| Total Current Liabilities | 3,197,729 | 3,492,153 |
| Long-Term Liabilities | | |
| Notes payable - long term | 7,793 | 97,437 |
| Long-term lease obligations - operating leases | 88,340 | 600,048 |
| Bonds payable, net of unamortized bond issuance costs | <u>15,985,673</u> | <u>16,446,906</u> |
| Total Long-Term Liabilities | <u>16,081,806</u> | <u>17,144,391</u> |
| Total Liabilities | 19,279,535 | 20,636,544 |
| Net Assets | | |
| Net Assets without donor restrictions | <u>2,883,647</u> | <u>3,494,892</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$22,163,182</u></u> | <u><u>\$24,131,436</u></u> |

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

**INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

| | <u>2025</u> | <u>2024</u> |
|---|---------------------|---------------------|
| Revenue and other support | | |
| Public school district: | | |
| Resident Student Enrollment | \$ 7,454,143 | \$ 6,293,095 |
| Students with Disabilities | 198,480 | 115,110 |
| Government Grants and contracts: | | |
| Federal - Title and IDEA | 287,014 | 264,999 |
| Federal - Other | 191,467 | 1,621,218 |
| State Grants - Facility Funding | 491,769 | 197,500 |
| Summer Boost Funding | 74,200 | - |
| Foundation Grants | 50,000 | 99,485 |
| Contributions | 62,697 | 28,593 |
| Interest income | <u>113,289</u> | <u>140,205</u> |
| Total Revenue and Other Support | <u>8,923,059</u> | <u>8,760,205</u> |
| Expenses | | |
| Program services | | |
| Regular education | 6,761,523 | 6,910,928 |
| Special education | <u>1,690,921</u> | <u>1,628,316</u> |
| Total Program Services | <u>8,452,444</u> | <u>8,539,244</u> |
| Management and General | <u>1,081,860</u> | <u>1,053,787</u> |
| Total expenses | <u>9,534,304</u> | <u>9,593,031</u> |
| Change in Net Assets | (611,245) | (832,826) |
| Net Assets without Donor Restrictions - Beginning of year | <u>3,494,892</u> | <u>4,327,718</u> |
| Net Assets without Donor Restrictions - End of year | <u>\$ 2,883,647</u> | <u>\$ 3,494,892</u> |

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

**INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025**

| | No. Of Positions | Program Services | | | Supporting Services | Total |
|---|---------------------|----------------------|----------------------|--------------------|-------------------------|--------------------|
| | | Regular Education | Special Education | Total Education | Management & General | |
| Administrative staff | 14 | \$ 859,914 | \$ 214,978 | \$1,074,892 | \$ 358,297 | \$1,433,189 |
| Instructional personnel | 35 | 1,963,088 | 290,325 | 2,253,413 | - | 2,253,413 |
| | 49 | | | | | |
| Total Salaries | | 2,823,002 | 505,303 | 3,328,305 | 358,297 | 3,686,602 |
| Payroll taxes and fringe benefits | | 404,105 | 72,642 | 476,747 | 52,550 | 529,297 |
| Retirement | | 58,782 | 10,567 | 69,349 | 7,644 | 76,993 |
| Legal services | | - | - | - | 79,617 | 79,617 |
| Accounting / audit services | | - | - | - | 166,998 | 166,998 |
| Other purchased / professional / consulting | | 296,558 | 88,368 | 384,926 | 29,803 | 414,729 |
| Facility interest | | 688,613 | 264,851 | 953,464 | 105,940 | 1,059,404 |
| Repairs and maintenance | | 133,169 | 51,219 | 184,388 | 20,488 | 204,876 |
| Insurance | | 142,696 | 54,883 | 197,579 | 21,953 | 219,532 |
| Utilities | | 62,603 | 24,078 | 86,681 | 9,631 | 96,312 |
| Supplies / materials | | 18,795 | 2,780 | 21,575 | - | 21,575 |
| Equipment / furnishings | | 19,363 | 7,447 | 26,810 | 2,979 | 29,789 |
| Staff development | | 124,582 | 19,431 | 144,013 | 13,801 | 157,814 |
| Marketing / recruitment | | 99,754 | 14,753 | 114,507 | - | 114,507 |
| Technology | | 100,158 | 38,522 | 138,680 | 15,409 | 154,089 |
| Food service | | 325,900 | 48,198 | 374,098 | - | 374,098 |
| Student services | | 316,758 | 46,846 | 363,604 | - | 363,604 |
| Office expense | | 29,225 | 11,241 | 40,466 | 4,496 | 44,962 |
| Lease expense - operating lease | | 287,008 | 110,388 | 397,396 | 44,155 | 441,551 |
| Depreciation | | 759,697 | 292,191 | 1,051,888 | 116,877 | 1,168,765 |
| Miscellaneous expenses | | 70,755 | 27,213 | 97,968 | 31,222 | 129,190 |
| TOTAL EXPENSES | | <u>\$6,761,523</u> | <u>\$1,690,921</u> | <u>\$8,452,444</u> | <u>\$1,081,860</u> | <u>\$9,534,304</u> |

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

**INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024**

| | No. Of Positions | Program Services | | | Supporting Services | Total |
|---|---------------------|----------------------|----------------------|--------------------|-------------------------|--------------------|
| | | Regular Education | Special Education | Total Education | Management & General | |
| Administrative staff | 13 | \$ 947,239 | \$ 236,810 | \$1,184,049 | \$ 394,682 | \$1,578,731 |
| Instructional personnel | 27 | 1,755,643 | 215,581 | 1,971,224 | - | 1,971,224 |
| | 40 | | | | | |
| Total Salaries | | 2,702,882 | 452,391 | 3,155,273 | 394,682 | 3,549,955 |
| Payroll taxes and fringe benefits | | 378,460 | 63,480 | 441,940 | 55,708 | 497,648 |
| Retirement | | 25,967 | 4,356 | 30,323 | 3,822 | 34,145 |
| Legal services | | - | - | - | 32,861 | 32,861 |
| Accounting / audit services | | - | - | - | 165,898 | 165,898 |
| Other purchased / professional / consulting | | 360,325 | 90,536 | 450,861 | 27,218 | 478,079 |
| Facility interest | | 706,261 | 271,639 | 977,900 | 108,655 | 1,086,555 |
| Repairs and maintenance | | 161,529 | 62,126 | 223,655 | 24,851 | 248,506 |
| Insurance | | 127,434 | 49,013 | 176,447 | 19,606 | 196,053 |
| Utilities | | 63,722 | 24,508 | 88,230 | 9,804 | 98,034 |
| Supplies / materials | | 52,417 | 6,437 | 58,854 | - | 58,854 |
| Equipment / furnishings | | 20,072 | 7,720 | 27,792 | 3,088 | 30,880 |
| Staff development | | 237,437 | 31,156 | 268,593 | 25,302 | 293,895 |
| Marketing / recruitment | | 217,319 | 26,685 | 244,004 | - | 244,004 |
| Technology | | 81,343 | 31,286 | 112,629 | 12,514 | 125,143 |
| Food service | | 251,345 | 30,863 | 282,208 | - | 282,208 |
| Student services | | 420,872 | 51,680 | 472,552 | - | 472,552 |
| Office expense | | 77,186 | 29,687 | 106,873 | 11,875 | 118,748 |
| Lease expense - operating lease | | 278,766 | 107,218 | 385,984 | 42,887 | 428,871 |
| Depreciation | | 670,670 | 257,950 | 928,620 | 103,180 | 1,031,800 |
| Miscellaneous expenses | | 76,921 | 29,585 | 106,506 | 11,836 | 118,342 |
| TOTAL EXPENSES | | <u>\$6,910,928</u> | <u>\$1,628,316</u> | <u>\$8,539,244</u> | <u>\$1,053,787</u> | <u>\$9,593,031</u> |

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

**INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

| | 2025 | 2024 |
|---|--------------|--------------|
| <u>Cash flows from operating activities:</u> | | |
| Changes in Net Assets | \$ (611,245) | \$ (832,826) |
| Adjustments to reconcile net assets to net cash provided by operating activities: | | |
| Depreciation | 1,168,765 | 1,031,800 |
| Amortization of bond issuance costs | 33,767 | 33,767 |
| Noncash portion of lease expenses - operating leases | 403,914 | 393,124 |
| Increase in operating assets | | |
| Grants and other receivable | 312,803 | 1,066,569 |
| Prepaid expense | (27,766) | 12,706 |
| Security deposits | - | (284) |
| Decrease(Increase) in operating liabilities | | |
| Accounts payable | (262,427) | 34,839 |
| Accrued expenses | (77,357) | 119,907 |
| Deferred revenue | 70,000 | - |
| Lease obligations - operating leases | (475,274) | (388,573) |
| Accrued interest payable | (13,506) | (11,331) |
| Net cash provided by operating activities | 521,674 | 1,459,698 |
| <u>Cash flows from investing activities:</u> | | |
| Increase in predevelopment costs | - | (562,836) |
| Purchase of property and equipment | (156,988) | (272,297) |
| Net cash used in investing activities | (156,988) | (835,133) |
| <u>Cash flows from financing activities:</u> | | |
| Proceeds from loans payable - bank | 8,000 | 8,726 |
| Repayments of loans payable - bank | (8,321) | (8,482) |
| Repayments of notes payable | (207,891) | (194,672) |
| Repayments of bonds payable | (465,000) | (445,000) |
| Net cash used in Financing activities | (673,212) | (639,428) |
| Net decrease in Cash and Restricted Cash | (308,526) | (14,863) |
| Cash and Restricted Cash - Beginning of Year | 3,444,234 | 3,459,097 |
| Cash and Restricted Cash - End of Year | \$ 3,135,708 | \$ 3,444,234 |
| <u>Supplemental information</u> | | |
| Interest paid during the year | \$ 1,061,500 | \$ 1,094,127 |

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

INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 - ORGANIZATION

International Leadership Charter High School (the "Charter School") is an education corporation operating as a charter school in Bronx, New York. The Charter School opened in 2006 with a charter granted by the New York City Department of Education. On June 10, 2015, the New York City Department of Education granted the Charter School a provisional charter valid for a term of five years through June 30, 2020, and renewable upon expiration. In October 2017, the Charter School's charter was transferred to the Board of Regents of the University of the State of New York. The Charter School's provisional charter under the Board of Regents of the University of the State of New York was valid through June 30, 2020. On March 10, 2020, the charter was renewed for a five-year term through June 30, 2025. On July 15, 2025, the charter was renewed for a five-year term through June 30, 2030.

The Charter School's mission is to prepare the young men and women of the Bronx for not only the demands of higher education but also for leading lives of meaning. This teaching philosophy provides powerful learning experiences that stress engagement, discovery, and the active application of learning to the world around us.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Charter School are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

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 purposes. Accordingly, all financial transactions have been recorded and reported by net asset group.

Net assets of the Charter School are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

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 Trustee has discretionary control to use these in carrying on operations in accordance with guidelines established by International Leadership Charter High 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 has no net assets with donor restriction at June 30, 2025 and 2024.

Revenue and Support 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 revenues over time as follows:

Public School District Revenue

The Charter School recognizes revenue as educational programming is provided to students throughout the year. The Charter School earns public school district 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

INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public School District Revenue (Continued)

calculated annually by New York State Education Department (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 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. As of June 30, 2025, the Charter School owed to NYSED in the amount of \$78,047, which is included in accounts payable on the accompanying financial statements. As of June 30, 2024, the Charter School was owed for \$2,648 from NYSED, which is included in grants and other receivable on the accompanying financial statements.

Contributions

The Charter School recognizes contributions when cash, securities, or other assets, an unconditional promise to give, or a notification of beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barriers, 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.

INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 a specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by their 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.

Cash in Escrow

The Charter School maintains cash in an escrow account in accordance with the terms of its charter agreement. The amount in escrow was \$75,043 and \$75,037 at June 30, 2025 and 2024, respectively. The escrow funds are restricted to fund legal and other costs related to the dissolution of the Charter School, should this become necessary.

Grants and Other Receivable

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies, and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2025 and 2024.

Allowance for Doubtful Accounts

The Charter School writes off receivables when there is information that indicates there is no possibility of collectibility. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the Charter School's accounting policy election. There were no write-offs for the years ending June 30, 2025 and 2024.

INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives which range from five to thirty-nine years. 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.

Bonds Issuance Costs

Bond issuance costs, which consist of deferred financing charges, are stated at cost and are amortized over the term of the bonds which vary from 5 to 30 years through various dates up to July 2046. The bond issuance costs have been offset against bonds payable. The amortization of bonds insurance costs is included in interest expense.

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 tax returns for the years ended June 30, 2022 through June 30, 2024, are still subject to potential audit by the IRS. Management of the Charter School believes it has no material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits.

Functional Allocation of Expenses

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

INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Lived Asset Impairment

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

Marketing and Recruiting Costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruiting costs were \$114,507 and \$244,004 for the years ended June 30, 2025 and 2024, respectively.

Use of Estimates

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

Fair Values of Financial Instruments

The Charter School's financial instruments consist primarily of cash, accounts receivable, accounts payable, and debt instruments. The carrying values of cash, accounts receivable, and accounts payable are considered to be representative of their respective fair values. The carrying values of the Charter School's debt instruments are approximately their fair values as of June 30, 2025 and 2024, based on current incremental borrowing rates for similar types of borrowing arrangements.

INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Lease Standards

Effective July 1, 2022, the Charter School adopted Accounting Standards Update (ASU) 2016-02, *Leases* (ASC Topic 842) and subsequent amendments. ASC 842 affects all companies that enter into lease arrangements, with certain exclusions under limited scope limitations. Under ASU 2016-02, an entity recognizes right-of-use ("ROU") assets and lease obligations on the statement of financial position for all leases with a lease term of more than 12 months. Short-term rentals under year to year leases or remaining lease terms of 12 months or less are exempt from being capitalized.

In adopting the new lease standard, the Charter School elected to use a transition method under which existing leases were measured and capitalized as of the date of adoption, July 1, 2022, in lieu of applying the standard retrospectively to July 1, 2021.

Additionally, as part of the implementation, the Charter School elected to use a package of optional practical expedients which permit the Charter School to avoid reassessing previous lease identifications within contracts, the existence of initial direct costs, and the lease classifications of any expired and existing leases. Moreover, in accordance with the expedients, all leases classified as operating leases under previous U.S. Generally Accepted Accounting Principles (U.S. GAAP) are automatically classified as operating leases under the new standards, and all leases previously classified as capital leases are recorded as finance leases.

The Charter School has not classified any leases as finance leases. All leases are classified as operating leases since the Charter School does not expect to consume a major part of the economic benefits of the leased assets over the remaining lease term. Leases recognized under the new standard include leases that were not capitalized under previous U.S. GAAP.

Lease obligations are measured and recorded at the present value of future lease payments using a discount rate. The Charter School has made an accounting policy election to use a risk-free rate as the discount rate in measuring its lease obligations. Under this election, the risk-free rate used is the rate for a United States treasury instrument with a term consistent with the remaining lease term of an applicable lease.

INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Lease Standards (Continued)

Right-of-use assets are generally measured and recorded at the sum of the lease obligation, any initial direct costs to consummate the lease, and any lease payments made on or before the commencement date.

In January 2023, the Charter School recorded a right-to-use asset and lease obligation for operating leases in the amount of \$1,495,884.

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Charter School that are subject to the guidance in FASB ASC 326 were grant and contract receivable.

The Charter School adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Charter School regularly monitors the 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 education 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

**INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 3 - LIQUIDITY AND AVAILABILITY (CONTINUED)

collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The Charter School also has available a \$100,000 line of credit, of which it has drawn a total of \$95,606 and \$95,927, as of June 30, 2025 and 2024, respectively.

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

| | |
|----------------------------------|-------------------|
| Cash | \$ 430,732 |
| Grants and contract receivable | <u>34,789</u> |
| Total financial assets available | <u>\$ 465,521</u> |

A portion of the bond fund detailed in Note 8 will be used to pay the bond payment due in July 2024 as described in Note 6.

NOTE 4 - LOAN PAYABLE - BANK

The Charter School has a \$100,000 line of credit agreement with a bank. The annual interest on this line of credit as of June 30, 2025 is 8.25%. The amounts outstanding on the line of credit at June 30, 2025 and 2024 were \$95,606 and \$95,927 respectively.

NOTE 5 - CHARTER AGREEMENT AMENDMENT AND PREDEVELOPMENT COSTS

In June 2021, the Charter School received approval from the Board of Regents of the University of the State of New York to expand to operate a middle school program commencing with 6th grade in the 2022-2023 school year. The Charter School's charter agreement has been revised to serve students in grades 6 through 12 by the 2024-2025 school year. The middle school began operations as of September 1, 2023.

In connection with this expansion, the Charter School signed a lease agreement for a temporary location to serve the middle school program in January 2023 and the Charter School started to incur predevelopment costs. As of June 30, 2024, the

INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 5 - CHARTER AGREEMENT AMENDMENT AND PREDEVELOPMENT COSTS (CONTINUED)

Charter School incurred the total of \$1,534,547 and the predevelopment costs were reclassified as property and equipment or expensed since the construction was completed.

In connection with this expansion, the Charter School also signed a lease agreement for the permanent middle school location for a 35 year term with two renewal options, the first for a 9 year renewal term and the second for a 5 year renewal term. The Charter school is currently negotiating the amendment to the lease for the lease commencement date to be later of August 1, 2026 or substantial completion. As of June 30, 2025 and 2024, the Charter School incurred total predevelopment costs for this permanent middle school location of \$854,635.

NOTE 6 - BONDS PAYABLE

On March 21, 2013, Build NYC Resource Corporation provided construction and permanent financing through the issuance of \$17,750,000 in Tax-Exempt Revenue Bonds (the "Series 2013 Bonds"). Principal is due at varying amounts annually through maturity on July 1, 2043. The proceeds from the sale of the bonds, together with other available funds were used to: (i) refinance or reimburse the Charter School for certain costs of acquiring, constructing, renovating, equipping, and furnishing its future educational facility; (ii) fund the service reserve fund established under the indenture in an amount equal to the debt service reserve fund requirement of the bonds; (iii) cover interest on the bonds during construction, for a period of 16 months; and (iv) pay certain of issuing the Series 2013 Bonds. Interest on the bonds is payable semiannually, computed on the basis of a 360-day year of twelve 30-day months.

On July 15, 2016, Build NYC Resource Corporation provided \$2,905,000 in Tax-Exempt Revenue Bonds (the "Series 2016A Bonds"), with interest calculated at 6.25% per annum, and \$395,000 in Taxable Revenue Bonds (the "Series 2016B Bonds"), with interest calculated at 5%, for a total of \$3,300,000 (collectively, the "2016 Series Bonds"), for renovations and equipment purchases, establishing reserve accounts, and for costs related to the issuance of the bonds. Provisions of the debt provide for payments of interest only on the Series 2016A Bonds through June 2023, then principal and interest payments through maturity (July 1, 2046), payments of

INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 6 - BONDS PAYABLE (CONTINUED)

interest only on the Series 2016B Bonds through July 2018, and then principal and interest payments through maturity (July 1, 2021). A final payment of \$120,000 was made on July 1, 2021, to retire the Series 2016B Bonds.

Interest payments are due semi-annually on January 1 and July 1 of each year. These bonds are secured by the pledge and assignment to the Trustee of the Trust Estate for the benefit of the holders of the Bonds. The obligations of the Charter School under the loan agreement are secured by the mortgages assigned to the Trustee for the benefit of the holders of the Bonds.

Bonds payable are summarized as follows:

| | 2025 | 2024 |
|---|----------------------|---------------------|
| 2013 tax exempt bonds at 5.75% per annum, interest only payments through July 2023, then interest and principal payments through maturity in July 2033. | 4,950,000 | 5,360,000 |
| 2013 tax exempt bonds at 6.00% per annum, interest only payments through July 2023, then interest and principal payments through maturity in July 2043. | 9,470,000 | 9,470,000 |
| 2016 tax exempt bonds at 6.25% per annum, interest only payments through June 2022, then interest and principal payments through maturity in July 2046. | 2,745,000 | 2,800,000 |
| | 17,165,000 | 17,630,000 |
| Less unamortized bond issuance costs | (684,327) | (718,094) |
| | 16,480,673 | 16,911,906 |
| Less current portion of bonds payable | (495,000) | (465,000) |
| | <u>\$ 15,985,673</u> | <u>\$16,446,906</u> |

**INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 6 - BONDS PAYABLE (CONTINUED)

Future maturities of bonds payable are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------------|
| 2026 | \$ 495,000 |
| 2027 | 525,000 |
| 2028 | 555,000 |
| 2029 | 590,000 |
| 2030 | 625,000 |
| Thereafter | <u>14,375,000</u> |
| | <u>\$17,165,000</u> |

Under the terms of the bonds payable, the Charter School is required, among other things, to maintain certain financial covenants and operating ratios. As of June 30, 2025, the Charter School was not in compliance with the long-term debt service coverage ratio and the days' cash on hand covenant. On December 1, 2025, the Charter School and the bond trustee entered into a forbearance agreement. This agreement requires that the Charter School complies with certain covenants by specific dates ranging from December 31, 2025 to July 1, 2026. A similar finding occurred for the year ended June 30, 2024 and the Charter School and the bond trustee entered into a forbearance agreement.

NOTE 7 - BONDS ISSUANCE COSTS

Total bond issuance costs are being amortized over the life of the bonds. Bonds issuance costs consist of the following:

| | <u>2025</u> | <u>2024</u> |
|--------------------------|-------------------|-------------------|
| Bonds issuance costs | \$ 1,029,890 | \$ 1,029,890 |
| Accumulated Amortization | <u>(345,563)</u> | <u>(311,796)</u> |
| Net balance | <u>\$ 684,327</u> | <u>\$ 718,094</u> |

**INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 7 - BONDS ISSUANCE COSTS

The bonds issuance costs have been offset against bonds payable (Note 6). Interest expense, inclusive of bond issuance cost amortization of \$33,767 was \$1,058,154 and \$1,085,305 for the years ended June 30, 2025 and 2024 respectively. The estimated amortization for each of the ensuing years through June 30, 2030 is \$33,767.

NOTE 8 - RESTRICTED CASH

In accordance with the loan agreements for the 2013 and 2016 Bonds described at Note 6, the Charter School is required to maintain certain reserves. The following is a summary of the fund reserves held at June 30, 2025 and 2024.

| | 2025 | 2024 |
|-----------------------------|---------------------|---------------------|
| Bond fund | \$ 1,034,053 | \$ 1,064,657 |
| Earnings fund | 18,734 | 17,972 |
| Reserve fund | 1,544,680 | 1,681,168 |
| Repair and replacement fund | 32,466 | 62,878 |
| | <u>\$ 2,629,933</u> | <u>\$ 2,826,675</u> |

NOTE 9 - RETIREMENT PLAN

Employee Retirement Plan

The Charter School sponsors a 401(k) retirement plan covering all regular employees. All employees are immediately eligible to begin making voluntary contributions. The Plan allows for the Charter School to make a discretionary contribution to the plan. The Charter School contributed approximately \$33,242 and \$28,645 for the years ended June 30, 2025 and 2024, respectively.

Deferred Compensation Plan

The Charter School established a deferred compensation plan for the Chief Executive Officer effective January 1, 2021. Contributions are made into the plan on an annual basis up to the IRS maximum and will be vested upon the retirement, death, or disability of the Chief Executive Officer. The total contribution to the plan for the years ended June 30, 2025 and 2024, were \$41,000 and \$0, respectively.

**INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 10 - NET ASSETS

Net assets without donor restrictions are as follows:

| | 2025 | 2024 |
|--|---------------------|---------------------|
| Undesignated | \$ 1,942,306 | \$ 1,987,469 |
| Invested in property and equipment, net of related debt | 941,341 | 1,507,423 |
| | \$ 2,883,647 | \$ 3,494,892 |

NOTE 11 - CONTINGENCY

Grants and Contracts

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.

General Litigation

The Charter School is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Charter School. Events could occur that would change this estimate materially in the near term.

NOTE 12 - CONCENTRATIONS AND CREDIT RISK

For the years ended June 30, 2025 and 2024, 86% and 73%, respectively, of total operating revenue and support came from per-pupil funding. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

The Charter School maintains operating accounts, escrow, and restricted cash at financial institutions which at times may exceed the FDIC limit of \$250,000. At June

INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 12 - CONCENTRATIONS AND CREDIT RISK (CONTINUED)

30, 2025 and 2024, the Charter School's cash accounts exceeded federally insured limits by \$2,560,665 and \$2,869,197 respectively. The Charter School has not experienced any losses in such accounts. The Charter School believes it is not exposed to any significant credit risk on cash.

NOTE 13 - FINANCIAL IMPACT OF COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Charter School's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Charter School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal years 2025 and 2024.

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The Elementary and Secondary School Emergency Relief Fund (ESSER Fund) was established to award grants to state and local educational agencies. The School has recognized \$149,189 and \$878,366 of revenue relative to ESSER grants during the years ended June 30, 2025 and 2024, respectively.

NOTE 14 - RIGHT OF USE ASSETS AND LEASE OBLIGATIONS

In January 2023, the Charter School entered into a lease agreement expiring August 2026 for a temporary space for the middle school. The monthly rent through August 31, 2023 is \$10,000. As of September 1, 2023, the annual rent is \$500,400, which will increase by three percent each year over the term of the lease. In connection with adopting the new lease standard (see Note 2), the Charter School is recognizing a right-of-use asset and lease obligation for this lease. As of June 30, 2025, right-of-use assets and lease liabilities were as follows:

INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 14 - RIGHT OF USE ASSETS AND LEASE OBLIGATIONS (CONTINUED)

| | |
|--------------------------------|-------------------|
| Right-of-use assets: | |
| Cost | \$ 1,495,884 |
| Less: Accumulated Amortization | <u>(993,124)</u> |
| | <u>\$ 502,760</u> |
| Lease liabilities: | |
| Current portion | \$ 516,053 |
| Long-term portion | <u>88,340</u> |
| | <u>\$ 604,393</u> |

A summary of the future minimum lease payments recognized under the lease agreement, reconciled to the lease obligations recorded at June 30, 2025 follows:

| | |
|---|------------------|
| 2026 | \$ 528,297 |
| 2027 | <u>88,479</u> |
| Total | 616,776 |
| Less present value discount | <u>(12,383)</u> |
| Lease obligations recorded at June 30, 2025 | 604,393 |
| Less current portion | <u>516,053</u> |
| Long-term lease obligations | <u>\$ 88,340</u> |

NOTE 15 - FOUNDATION AWARD

In September 2020, the Charter School was notified it was a recipient of an award in the amount of \$975,000 from Walton Foundation (Walton) to assist in the potential growth and replication of the Charter School. The grant requires compliance with certain matching grant requirements and specific operational objectives to receive the funds, which are restricted for the Charter School's expansion. This reward was revised to \$650,000 since the Charter School is not opening a new high school. As of June 30, 2024, the Charter School fully recognized this award. During the year ended June 30, 2024, the Charter School recognized in the amount of \$99,485 as revenue, which were included in Foundation Grants on the accompanying financial statements, in conjunction with the start of the middle school expansion.

**INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 16 - CASH AND RESTRICTED CASH

The balances in cash and restricted cash as reflected in the statement of cash flows consist of the following:

| | 2025 | 2024 |
|-----------------|---------------------|---------------------|
| Cash | \$ 430,732 | \$ 542,522 |
| Restricted cash | 2,629,933 | 2,826,675 |
| Cash in escrow | 75,043 | 75,037 |
| | \$ 3,135,708 | \$ 3,444,234 |

NOTE 17 - NOTES PAYABLE

In June 2023, the Charter School borrowed \$250,000 from Corlaton Realty, Inc. The loan is in the form of a note that bears an interest rate of 3.5% and originally maturing on January 18, 2024. In January 2024, the Charter School received an extension to the maturity date until January 2025. The balance of the note owed as of June 30, 2025 and 2024 was \$0 and \$125,000, respectively.

In June 2023, the Charter School borrowed \$250,000 from Capital One. The loan is in the form of a note that bears an interest rate of 7.75% payable in 36 monthly installments of \$7,843.61, starting July 2023. The note matures on July 5, 2026. The balance of the note owed as of June 30, 2025 and 2024 was \$97,437 and \$180,328, respectively. The note is secured by a deposit account the Charter School has with Capital One, which the balance of this account at June 30, 2025 and 2024 is \$348,410 and \$432,041, respectively.

A summary of the June 30, 2025 and 2024 notes payable are as follows:

| | Total | Current | Non-Current |
|-------------|------------------|------------------|-----------------|
| Capital One | \$ 97,437 | \$ 89,644 | \$ 7,793 |
| | \$ 97,437 | \$ 89,644 | \$ 7,793 |

**INTERNATIONAL LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 17 - NOTES PAYABLE (CONTINUED)

| <u>2024</u> | <u>Total</u> | <u>Current</u> | <u>Non-Current</u> |
|----------------------|-------------------|-------------------|--------------------|
| Corlaton Realty, Inc | \$ 125,000 | \$ 125,000 | \$ - |
| Capital One | <u>180,328</u> | <u>82,891</u> | <u>97,437</u> |
| | <u>\$ 305,328</u> | <u>\$ 207,891</u> | <u>\$ 97,437</u> |

NOTE 18 - SUBSEQUENT EVENTS

Management has evaluated subsequent events or transactions occurring through December 1, 2025, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements except for the disclosure below.

On December 1, 2025, the Charter School and the bond trustee entered into a forbearance agreement. This agreement requires that the Charter School complies with certain covenants by specific dates ranging from December 31, 2025 to July 1, 2026.

SUPPLEMENTARY INFORMATION

LIPSKY GOODKIN & CO., P. C.
CERTIFIED PUBLIC ACCOUNTANTS
120 WEST 45TH STREET
NEW YORK, NEW YORK 10036

TEL (212) 840-6444
FAX (212) 921-7186

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
N. Y. STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

**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 of
International Leadership Charter High 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 International Leadership Charter High School, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 1, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered International Leadership Charter High School's internal control over financial reporting (internal control) as a basis for designing 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 International Leadership Charter High School's internal control. Accordingly, we do not express an opinion on the effectiveness of International Leadership Charter High School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether International Leadership Charter High School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

A handwritten signature in black ink that reads "Lapsky Goodkin & Co., P.C." The signature is written in a cursive, flowing style.

New York, New York
December 1, 2025