

Middle Village Preparatory Charter School

**Financial Statements
and
Independent Auditors' Report**

June 30, 2025

Middle Village Preparatory Charter School

Financial Statements

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Independent Auditors' Report

To the Board of Trustees of
Middle Village Preparatory Charter School
Middle Village, New York

Opinion

We have audited the accompanying financial statements of Middle Village Preparatory Charter School (a nonprofit organization), 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 referred to above present fairly, in all material respects, the financial position of Middle Village Preparatory Charter School as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Middle Village Preparatory Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Middle Village Preparatory 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, 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 Middle Village Preparatory 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 Middle Village Preparatory Charter School's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

The financial statements of Middle Village Preparatory Charter School as of June 30, 2024, were audited by other auditors whose report dated October 17, 2024 expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2025, on our consideration of Middle Village Preparatory Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Middle Village Preparatory Charter School's internal control over financial reporting and compliance.



New City, New York
October 17, 2025

Middle Village Preparatory Charter School
Statements of Financial Position
June 30, 2025 and 2024

ASSETS	<u>2025</u>	<u>2024</u>
Current Assets		
Cash and Cash Equivalents	\$ 5,950,823	\$ 5,053,337
Restricted Cash	76,830	76,669
Grants and Accounts Receivable	78,457	130,572
Investments	14,578,361	13,079,686
Prepaid Expenses	<u>48,290</u>	<u>412,614</u>
Total Current Assets	<u>20,732,761</u>	<u>18,752,878</u>
Fixed Assets		
Leasehold Improvements	2,748,010	2,003,048
Computers and Other Equipment	1,944,753	1,759,988
Furniture and Fixtures	<u>591,181</u>	<u>447,134</u>
	5,283,944	4,210,170
Less: Accumulated Depreciation	<u>(3,923,083)</u>	<u>(3,521,787)</u>
Total Fixed Assets	<u>1,360,861</u>	<u>688,383</u>
Other Assets		
Operating Lease Right-Of-Use Asset	<u>6,679,377</u>	<u>8,627,997</u>
Total Other Assets	<u>6,679,377</u>	<u>8,627,997</u>
Total Assets	<u><u>\$ 28,772,999</u></u>	<u><u>\$ 28,069,258</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 318,413	\$ 107,633
Accrued Payroll and Related Expenses	496,277	453,780
Operating Lease Liability - Current (Note 6)	<u>2,152,787</u>	<u>2,082,707</u>
Total Current Liabilities	814,690	561,413
Long-Term Liabilities		
Operating Lease Liability, Net of Current Portion (Note 6)	<u>4,335,413</u>	<u>6,185,191</u>
Total Liabilities	7,302,890	8,829,311
Net Assets Without Donor Restrictions		
Undesignated	6,973,256	4,743,094
Board Designated	<u>14,496,853</u>	<u>14,496,853</u>
Total Net Assets	<u>21,470,109</u>	<u>19,239,947</u>
Total Liabilities and Net Assets	<u><u>\$ 28,772,999</u></u>	<u><u>\$ 28,069,258</u></u>

Middle Village Preparatory Charter School
 Statements of Activities
 For the Years Ended June 30, 2025 and 2024

NET ASSETS WITHOUT DONOR RESTRICTIONS

PUBLIC SUPPORT AND REVENUE

	2025	2024
Public School District - State and Local Per Pupil Operating Revenue	\$ 9,537,187	\$ 8,848,800
Governement Grants and Contracts	2,147,450	2,065,262
Interest and Dividend Income	834,460	716,466
Net Realized and Unrealized Gain on Investment	285,934	382,374
Other Income	1,124	26,231
Total Public Support and Revenue	12,806,155	12,039,133

EXPENSES

Program Services		
Regular Education	7,410,927	6,516,251
Special Education	2,358,586	2,235,320
Total Program Expenses	9,769,513	8,751,571
Supporting Services		
Management and General	806,480	862,185
Total Expenses	10,575,993	9,613,756

Total Change in Net Assets	2,230,162	2,425,377
Net Assets, Beginning of Year	19,239,947	16,814,570
Net Assets, End of Year	\$ 21,470,109	\$ 19,239,947

Middle Village Preparatory Charter School
Statement of Functional Expenses
For the Year Ended June 30, 2025

<u>Personnel Service Costs</u>	<u>Regular Education</u>	<u>Special Education</u>	<u>Total Programs</u>	<u>Support Services</u>	<u>Total</u>
Salaries					
Administrative Staff Personnel	\$ 438,974	\$ 274,359	\$ 713,333	\$ 384,102	\$ 1,097,435
Instructional Personnel	2,889,758	898,734	3,788,492	-	3,788,492
Non-Instructional Personnel	58,866	7,144	66,010	-	66,010
Total Personnel Costs	<u>3,387,598</u>	<u>1,180,237</u>	<u>4,567,835</u>	<u>384,102</u>	<u>4,951,937</u>
Fringe Benefits	151,940	52,936	204,876	17,228	222,104
Payroll Taxes	267,167	93,081	360,248	30,293	390,541
Retirement Benefits	160,775	56,014	216,789	18,229	235,018
Total Personnel and Related Expenses	<u>579,882</u>	<u>202,031</u>	<u>781,913</u>	<u>65,750</u>	<u>847,663</u>
<u>Operating Expenses</u>					
Legal	-	-	-	16,552	16,552
Food Services	317,077	110,469	427,546	35,952	463,498
Insurance	231,044	80,496	311,540	26,197	337,737
Supplies and Materials	197,187	23,929	221,116	-	221,116
Technology	33,079	11,525	44,604	3,751	48,355
Occupancy	1,185,374	412,984	1,598,358	134,403	1,732,761
Student Services	599,184	90,563	689,747	-	689,747
Staff Development	183,098	22,220	205,318	-	205,318
Marketing and Recruitment	62,737	19,779	82,516	6,075	88,591
Accounting and Audit Fees	-	-	-	69,715	69,715
Office Expenses	16,510	5,752	22,262	1,872	24,134
Maintenance and Repairs	89,511	31,186	120,697	10,149	130,846
Equipment and Furnishings	75,631	26,350	101,981	8,575	110,556
Depreciation and Amortization	274,525	95,644	370,169	31,127	401,296
Other Expenses	178,490	45,421	223,911	12,260	236,171
Total Operating Expenses	<u>3,443,447</u>	<u>976,318</u>	<u>4,419,765</u>	<u>356,628</u>	<u>4,776,393</u>
TOTAL EXPENSES	<u><u>\$ 7,410,927</u></u>	<u><u>\$ 2,358,586</u></u>	<u><u>\$ 9,769,513</u></u>	<u><u>\$ 806,480</u></u>	<u><u>\$ 10,575,993</u></u>

Middle Village Preparatory Charter School
Statement of Functional Expenses
For the Year Ended June 30, 2024

	<u>Regular Education</u>	<u>Special Education</u>	<u>Total Programs</u>	<u>Support Services</u>	<u>Total</u>
<u>Personnel Service Costs</u>					
Salaries					
Administrative Staff Personnel	\$ 428,233	\$ 267,645	\$ 695,878	\$ 374,704	\$ 1,070,582
Instructional Personnel	2,161,979	720,917	2,882,896	-	2,882,896
Non-Instructional Personnel	37,743	4,197	41,940	-	41,940
Total Personnel Costs	<u>2,627,955</u>	<u>992,759</u>	<u>3,620,714</u>	<u>374,704</u>	<u>3,995,418</u>
Fringe Benefits	160,017	60,449	220,465	22,816	243,281
Payroll Taxes	211,373	79,850	291,224	30,138	321,362
Retirement Benefits	102,029	38,543	140,572	14,548	155,120
Total Personnel and Related Expenses	<u>473,419</u>	<u>178,842</u>	<u>652,261</u>	<u>67,502</u>	<u>719,763</u>
<u>Operating Expenses</u>					
Legal	-	-	-	5,240	5,240
Food Services	310,567	117,323	427,890	44,282	472,172
Insurance	164,031	61,966	225,997	23,388	249,385
Supplies and Materials	177,490	19,738	197,228		197,228
Technology	25,530	9,644	35,174	3,640	38,814
Occupancy	1,506,123	568,967	2,075,090	214,749	2,289,839
Student Services	543,325	78,537	621,862	329	622,191
Staff Development	158,231	17,596	175,827		175,827
Marketing and Recruitment	42,702	15,570	58,272	5,788	64,060
Accounting and Audit Fees	-	-	-	58,250	58,250
Office Expenses	16,136	6,096	22,232	2,301	24,533
Maintenance and Repairs	43,737	16,523	60,260	6,236	66,496
Equipment and Furnishings	66,522	25,130	91,652	9,485	101,137
Depreciation and Amortization	265,610	100,339	365,949	37,872	403,821
Other Expenses	94,873	26,290	121,163	8,419	129,582
Total Operating Expenses	<u>3,414,877</u>	<u>1,063,719</u>	<u>4,478,596</u>	<u>419,979</u>	<u>4,898,575</u>
TOTAL EXPENSES	<u>\$ 6,516,251</u>	<u>\$ 2,235,320</u>	<u>\$ 8,751,571</u>	<u>\$ 862,185</u>	<u>\$ 9,613,756</u>

Middle Village Preparatory Charter School
Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Per Pupil Operating Revenue and Government Grants and Contracts	\$ 11,736,752	\$ 12,259,973
Receipts from Interest and Dividend Revenue	834,460	716,466
Receipts from Other Revenue	1,124	26,231
Payments to Employees	(5,734,393)	(4,620,966)
Payments to Vendors and Suppliers	(3,653,781)	(5,639,607)
	3,184,162	2,742,097
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(11,944,580)	(9,368,364)
Sale of Investments	10,731,839	9,768,122
Payments for Leasehold Improvements	(744,962)	-
Purchases of Equipment, Furniture and Fixtures	(328,812)	(304,653)
	(2,286,515)	95,105
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	897,647	2,837,202
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	5,130,006	2,292,804
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	\$ 6,027,653	\$ 5,130,006
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash and Cash Equivalents	\$ 5,950,823	\$ 5,053,337
Restricted Cash	76,830	76,669
	\$ 6,027,653	\$ 5,130,006

Middle Village Preparatory Charter School
Notes to the Financial Statements
June 30, 2025 and 2024

NOTE 1 - ORGANIZATION

Middle Village Preparatory Charter School (the "School") is a public charter school whose mission is to prepare students with the academic skills, strength of character and social and emotional well-being to excel in high school and college, to lead in their communities and to realize their best possible selves.

The School operates in Middle Village, New York. On January 1, 2013, the Board of Regents of the University of the State of New York (the "Board of Regents") granted the School a provisional charter valid for a term of five years and renewable upon expiration. During the year ended June 30, 2023, the Board of Regents renewed the School's charter for a period of five years expiring July 31, 2028. The School opened with its first academic year in the fall of 2013 and provided education to 480 students in sixth through eighth grade during the 2024-2025 academic year.

The School's primary sources of revenue are from state and local per pupil operating revenue and other government funding.

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local income taxes under comparable laws.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the School and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the School. The School's board may designate assets without restrictions for specific operational purposes from time to time.

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

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

All net assets of the School at June 30, 2025 were considered to be net assets without donor restrictions.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in The United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Middle Village Preparatory Charter School
Notes to the Financial Statements
June 30, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the School considers all highly liquid investments available for current use with an initial period of three months or less to be cash equivalents.

Under the provisions of its charter, the School established an escrow account to pay for legal and audit expenses that would be associated with a dissolution, should it occur. As of June 30, 2025, the escrow account amounted to \$76,830.

Tax Exempt Status

The 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 School has filed for and received income tax exemptions in the jurisdictions where it is required to do so.

The School files the Form 990 in the U.S. federal jurisdiction. With few exceptions, as of June 30, 2025, the School is no longer subject to U.S. Federal income tax examinations by tax authorities for the years ended prior to June 30, 2022. 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 School believes it has no material uncertain tax positions and, accordingly it has not recognized any liability for unrecognized tax benefits.

Property and Equipment

Property and equipment is recorded at cost. Additions and improvements or betterments in excess of \$1,000 with an estimated useful life of more than three years are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or term of the related lease. Property and equipment acquired with certain government contract funds are recorded as expenses when the government retains title to such assets.

Impairment of Long-Lived Assets

The School reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the School recognizes an impairment loss. No impairment losses were required to be recognized at June 30, 2025.

Revenue Recognition and Receivables

The School recognizes revenue from grants, contracts and gifts in accordance with guidance under which the School evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the School applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the School evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the School is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of return.

The School's significant sources of revenue are contracts and grants from government agencies, and contributions. Grants and contributions received are recorded as without donor restrictions or with donor restrictions based on the nature of donor restrictions. Grants are recognized when the School incurs expenses related to the contract. Generally, the funds are not remitted until a voucher for the services provided or expenses incurred has been submitted for reimbursement. Funds received in advance of services provided or expenses incurred are recorded as deferred revenue.

Middle Village Preparatory Charter School
Notes to the Financial Statements
June 30, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition and Receivables (continued)

Contributions are reported as with donor restrictions 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 time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from donor restriction. Donor restricted contributions and grants whose restrictions are met within the same year as received are reflected as contributions and grants without donor restrictions.

The School considers receivables to be fully collectible based on management's review of individual accounts outstanding. If collection becomes doubtful, an allowance for doubtful accounts will be established when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

Contributed Services

Contributed services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

A number of volunteers have made a contribution of their time to the School to develop academic and other programs and to serve on the board of trustees. The value of this contributed time is not reflected in the financial statements as such services either do not require specialized skills or would not typically be purchased had they not been provided as donations.

Investment Income Recognition

Purchases and sales of securities are recorded on a trade date basis. Interest revenue is recorded on the accrual basis and dividends are recorded on the ex-dividend rate. Realized and unrealized gains and losses are included in the determination of change in net assets.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses that are allocated to more than one program or supporting function are allocated on the basis of estimates of time and effort. Such expenses include personnel service costs, fringe benefits and payroll taxes, and building and land rent/lease.

Expenses are classified according to the functional categories for which they are incurred, as follows:

General Education Program Services - represents expenses directly associated with general education.

Special Education Program Services - represents expenses directly associated with special education for certain students requiring additional attention and guidance.

Management and General - represents expenses related to the overall administration and operation of the School that are not associated with any educational services or fundraising.

Marketing and Recruitment

Marketing and recruitment costs are expenses as incurred for staff and student recruitment. Marketing and recruitment costs for the year ended June 30, 2025 was \$88,591.

Middle Village Preparatory Charter School
Notes to the Financial Statements
June 30, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Liquidity

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting in use of cash.

Fair Value Measurements

The School categorizes its financial instruments into a three-level fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation of assets and liabilities traded for less active dealer or broker markets that have significant observable inputs are classified as Level 2. Level 2 valuations are usually obtained from third-party pricing service valuations for identical or similar assets. If the inputs are used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

Investments

Investments in marketable securities are stated at fair value in the statements of financial position. The fair value of equity securities is determined based upon quoted prices in active markets (Level 1 measurements). The fair value of corporate bonds and government and federal agency obligations is based upon quoted prices for similar securities in active markets (Level 2 measurements). Realized and unrealized gains and losses are included in the change in net assets and are included in the statements of activities as net realized and unrealized gains (losses) on investments.

Leases

The School accounts for leases under Topic 842. The School determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") assets and operating lease liabilities on the accompanying statements of financial position. The School made the short-term lease election for leases with an initial term of less than 12 months.

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

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

The School has lease agreements with lease and non-lease components, which are generally accounted for separately. The School's lease agreements do not contain any variable lease components.

The School applies the short-term lease exemption to all of its classes of underlying assets.

Reclassifications

Certain amounts in the 2024 financial statements have been reclassified to conform to the 2025 presentation. These reclassifications have had no effect on the change in net assets.

Middle Village Preparatory Charter School
Notes to the Financial Statements
June 30, 2025 and 2024

NOTE 3 – DUE FROM GOVERNMENT AGENCIES

Under the School's Charter School Agreement and the Charter School Act, the School is entitled to receive funding from both State and Federal sources that are available to public schools. These funds include State pupil enrollment funds and Federal food subsidies and Title I, IIA, and IV funds. The calculation of the amounts to be paid to the School under these programs is determined by the State, and is based on complex laws and regulations, enrollment levels, and economic information related to the home school district of the children enrolled in the school. If these regulations, some of which are relatively new in the State of New York, were to change, or other factors included in the calculations were to change, the level of funding that the School receives could vary significantly. Due from Government Agencies for the year ended June 30, 2025 was \$78,457.

The School expects to collect these receivables within one year. Management has assessed the need for an allowance and has determined that such an allowance is not necessary.

NOTE 4 – INVESTMENTS

Major categories of investments categorized by the fair value hierarchy are as follows at June 30:

	<u>2025</u>	<u>2024</u>	<u>Hierarchy</u>
Exchange-traded funds and closed-end funds	\$ 1,372,021	1,225,671	Level 1
Corporate bonds	1,995,252	1,779,800	Level 1
Common stocks	713,224	438,136	Level 1
Preferred stocks	263,272	153,703	Level 2
Contingent auto-callable securities	330,967	386,830	Level 2
Government Securities	-	604,977	Level 2
Unit investment funds	446,740	331,844	Level 2
Variable & fixed annuity	2,377,336	582,609	Level 2
Mutual funds	<u>875,861</u>	<u>1,107,057</u>	Level 1
	<u>\$ 8,374,673</u>	<u>\$ 6,610,627</u>	
Cash equivalents, at cost	654,138	241,615	
Certificates of deposit	<u>5,549,549</u>	<u>6,227,444</u>	
	<u>\$ 14,578,360</u>	<u>\$ 13,079,686</u>	

NOTE 5 – BOARD DESIGNATED NET ASSETS

For the year ended June 30, 2025, the School did not designate any additional reserve for future capital projects.

	<u>Balance</u> <u>June 30, 2024</u>	<u>Additions</u>	<u>Released</u>	<u>Balance</u> <u>June 30, 2025</u>
Future capital projects	<u>\$ 14,496,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,496,853</u>
	<u>Balance</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Released</u>	<u>Balance</u> <u>June 30, 2024</u>
Future capital projects	<u>\$ 14,490,214</u>	<u>\$ 6,639</u>	<u>\$ -</u>	<u>\$ 14,496,853</u>

Middle Village Preparatory Charter School
Notes to the Financial Statements
June 30, 2025 and 2024

NOTE 6 – LEASES

The School has a sublease agreement for a period of five years terminating on June 30, 2028. The sublease may be renewed for an additional five years with the same terms. The rate of rent will increase during the term of the lease by approximately 3% annually.

The School has an equipment lease agreement for a period of 39 months terminating on August 31, 2028.

The right-of-use asset and lease liability at June 30, 2025 are as follows:

Classification on the Statement of Financial Position	Assets	Liabilities
Operating Leases		
Operating lease right-of-use	\$ 6,679,377	
Operating lease right-of-use liability		\$ 2,152,787
current		4,335,413
long-term		4,335,413
	\$ 6,679,377	\$ 6,488,200

Average lease terms and discount rates as of June 30, 2025 are as follows:

Weighted average remaining lease term (years):	
Operating Leases	3
Weighted average discount rate:	
Operating Leases	2.90% & 3.95%

The following maturity analysis presents expected undiscounted cash outflows under operating leases as of June 30, 2025:

Year	Occupancy	Equipment	Total
2026	\$ 2,152,787	\$ 30,828	\$ 2,183,615
2027	2,224,967	30,828	2,255,795
2028	2,299,319	30,828	2,330,147
2029	-	2,569	2,569
	6,677,073	95,053	6,772,126
Total Undiscounted Cash Flows			
Less: Present Value Discount	(278,227)	(5,699)	(283,926)
Total Lease Liabilities	\$ 6,398,846	\$ 89,354	\$ 6,488,200

Middle Village Preparatory Charter School
Notes to the Financial Statements
June 30, 2025 and 2024

NOTE 7 – CONTINGENCY

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

NOTE 8 – CONCENTRATIONS

Financial instruments that potentially subject the School to concentrations of credit risk consists primarily of cash, cash equivalents, and restricted cash on deposits with financial institutions, investments held at financial institutions, and grants and accounts receivable. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000 for each depositor. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to \$500,000 (\$250,000 for cash holdings). Management has reduced the risk through use of IntraFi Network Deposits for its sweep account, which allows a business to invest in certificates of deposits held by many different FDIC insured banking institutions so it can achieve full FDIC coverage for the total sum. At times, balances may exceed the FDIC and/or the SIPC limit. In addition to SIPC insurance, certain brokerage firms that hold the School's investments offer excess insurance through private insurers. As of June 30, 2025, the School's uninsured cash, cash equivalents, and restricted cash balances on deposit were \$4,942,940. As of June 30, 2025, the School's uninsured investment holdings were \$9,496,183. The investment portfolio is diversified by types of investments and industry concentrations so that no individual investment or group of investments represents a significant concentration of risk.

The School receives a majority of its revenues from the New York State Education Department through the Charter Schools Institute of the State of New York. The Charter Schools Institute of the State of New York provides general operating support to the School based upon the location and the number of students enrolled. State and local per pupil education and special education revenue provided to the School totaled \$9,537,187 for the year ended June 30, 2025. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances would be materially adversely affected.

The School entered into contractual arrangements with certain governmental funding sources. The governmental agencies may request a return of funds as a result of noncompliance by the School, as well as additional funds for the use of facilities. The accompanying financial statements make no provision for the possible disallowance or refund, because management does not believe that there are any liabilities to be recorded.

Middle Village Preparatory Charter School
Notes to the Financial Statements
June 30, 2025 and 2024

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

At June 30, 2025, the School has \$20,607,641 of financial assets to meet needs for general expenditures consisting of cash of \$5,950,823, grants and accounts receivable of \$78,457, and investments of \$14,578,361. None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the School in the next 12 months.

In addition to financial assets available to meet general expenditures over the year, the School operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient tuition and other revenues.

NOTE 10 – SUBSEQUENT EVENTS

The School evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which was October 17, 2025, for these financial statements.



**Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

To the Board of Trustees of
Middle Village Preparatory Charter School
Middle Village, New York

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 Middle Village Preparatory Charter School (a nonprofit organization) which comprise the statement of financial position as of June 30, 2025 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 17, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Middle Village Preparatory 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 Middle Village Preparatory Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 were not identified. 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 may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Vargas & Rivera, LLP

New City, New York

October 17, 2025