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**NEW WORLD PREPARATORY CHARTER  
SCHOOL AND SUBSIDIARY**

**Consolidated Financial Statements  
with Supplementary Information**

For the years ended June 30, 2025 and 2024

**NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY**  
**Consolidated Financial Statements**  
June 30, 2025 and 2024

<b>Contents</b>	<b>Page</b>
Independent Auditor’s Report.....	1-3
Consolidated Statements of Financial Position.....	4
Consolidated Statements of Activities.....	5
Consolidated Statements of Functional Expenses.....	6-7
Consolidated Statements of Cash Flows.....	8
Notes to the Consolidated Financial Statements.....	9-18
<b>Supplementary Information</b>	
Consolidating Statements of Financial Position.....	19-22
Consolidating Statements of Activities.....	23-24
Schedule of Debt Covenants for the Year Ended June 30, 2025.....	25
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 <i>Government Auditing Standards</i> .....	26-27

## **Independent Auditor's Report**

To the Board of Trustees of  
New World Preparatory Charter School and Subsidiary

### **Report on the consolidated financial statements**

#### ***Opinion***

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

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

#### ***Basis for opinion***

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

#### ***Responsibility of management for the consolidated financial statements***

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of New World Preparatory Charter School and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New World Preparatory Charter School and Subsidiary's ability to continue as a going concern for a reasonable period of time.

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

***Supplementary information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary financial information from page 19 to 25 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**Other reporting required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2025, on our consideration of New World Preparatory Charter School and Subsidiary’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of New World Preparatory Charter School and Subsidiary’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New World Preparatory Charter School and Subsidiary’s internal control over financial reporting and compliance.

NChing LLP

New York, New York  
October 31, 2025

**NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY****Consolidated Statements of Financial Position**

As of June 30,

	<u>2025</u>	<u>2024</u>
<b><u>Assets</u></b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,736,699	\$ 6,985,816
Grants receivable	279,874	1,576,870
Security deposits	69,633	33,333
Total current assets	3,086,206	8,596,019
<b>Property and equipment, net</b>	69,160,527	59,508,640
<b>Operating lease right-of-use assets</b>	761,639	1,565,627
<b>Other assets</b>		
Restricted cash and escrow reserves	5,294,897	7,861,893
Other escrow	-	777,865
Total assets	<u>\$ 78,303,269</u>	<u>\$ 78,310,044</u>
<b><u>Liabilities and Net Assets</u></b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 898,556	\$ 514,438
Accrued salaries and other payroll-related expenses	1,419,654	1,494,071
Construction costs payable	564,679	3,182,022
Bonds payable - current portion	850,000	820,000
Short-term operating lease liabilities	281,038	803,987
Refundable advances	593,920	297,886
Total current liabilities	4,607,847	7,112,404
<b>Long term liabilities</b>		
Long-term operating lease liabilities	480,601	761,640
Bonds payable, net	51,140,020	52,037,118
Total liabilities	<u>56,228,468</u>	<u>59,911,162</u>
<b>Net assets</b>		
Net assets without donor restrictions		
Undesignated	21,963,115	18,242,086
Reserve - contingency	111,686	106,796
Net assets with donor restrictions	-	50,000
Total net assets	<u>22,074,801</u>	<u>18,398,882</u>
Total liabilities and net assets	<u>\$ 78,303,269</u>	<u>\$ 78,310,044</u>

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

**NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY**

**Consolidated Statements of Activities**

For the years ended June 30,

	2025			2024		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
<b><u>Operating revenue and other support</u></b>						
<b>State and local per pupil operating revenue</b>						
General education	\$ 15,304,235	\$ -	\$ 15,304,235	\$14,669,708	\$ -	\$ 14,669,708
Special education	2,843,786	-	2,843,786	2,978,343	-	2,978,343
Facility lease assistance	248,697	-	248,697	759,010	-	759,010
Total state and local per pupil operating revenue	18,396,718	-	18,396,718	18,407,061	-	18,407,061
<b>Grants, contract and other support</b>						
State and local grants	72,452	-	72,452	69,783	-	69,783
Federal grants	1,007,124	-	1,007,124	1,735,044	-	1,735,044
Employee retention credit	505,530	-	505,530	-	-	-
Contributions	393,050	-	393,050	344,694	50,000	394,694
Interest and other income	623,309	-	623,309	1,694,724	-	1,694,724
Net assets released from restrictions	50,000	(50,000)	-	-	-	-
Total operating revenue and other support	21,048,183	(50,000)	20,998,183	22,251,306	50,000	22,301,306
<b><u>Expenses</u></b>						
<b>Program expenses</b>						
Regular education	12,586,390	-	12,586,390	12,889,685	-	12,889,685
Special education	2,960,526	-	2,960,526	3,156,043	-	3,156,043
Total program expenses	15,546,916	-	15,546,916	16,045,728	-	16,045,728
<b>Supporting services</b>						
Management and general	1,666,479	-	1,666,479	1,755,613	-	1,755,613
Fundraising	108,869	-	108,869	123,692	-	123,692
Total program and supporting services expenses	17,322,264	-	17,322,264	17,925,033	-	17,925,033
Change in net assets	3,725,919	(50,000)	3,675,919	4,326,273	50,000	4,376,273
Net assets - beginning of year	18,348,882	50,000	18,398,882	14,022,609	-	14,022,609
Net assets - end of year	\$ 22,074,801	\$ -	\$ 22,074,801	\$ 18,348,882	\$ 50,000	\$ 18,398,882

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

## NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY

### Consolidated Statement of Functional Expenses

For the year ended June 30, 2025

	No. of positions	Program expenses			Supporting services		Total Program and Supporting Services
		Regular education	Special education	Total programs	Fundraising	Management and general	
<b>Salaries</b>							
Instructional personnel	104	\$ 5,849,517	\$ 1,515,990	\$ 7,365,507	\$ -	\$ -	\$ 7,365,507
Administrative staff personnel	9	758,535	24,573	783,108	-	410,793	1,193,901
Non-instructional personnel	9	386,709	11,499	398,208	-	210,456	608,664
Total salaries	122	6,994,761	1,552,062	8,546,823	-	621,249	9,168,072
<b>Operating expenses</b>							
Payroll taxes and fringe benefits		1,539,628	341,627	1,881,255	-	136,744	2,017,999
Retirement		135,767	30,125	165,892	-	12,058	177,950
Contracted services		144,746	34,177	178,923	-	410,066	588,989
Administrative		70,773	15,704	86,477	-	6,286	92,763
Marketing and recruitment		117,112	25,986	143,098	-	10,401	153,499
Legal and professional fees		44,009	8,745	52,754	-	62,130	114,884
Other purchase/professional/consulting		198,915	44,137	243,052	105,000	17,667	365,719
Insurance		75,282	16,704	91,986	-	125,723	217,709
Repairs and maintenance		562,123	124,729	686,852	-	49,926	736,778
Occupancy		922,468	204,686	1,127,154	-	81,930	1,209,084
School and staff development		195,931	43,475	239,406	-	17,402	256,808
Student services		8,682	151,377	160,059	-	1,113	161,172
Food service		366,618	103,405	470,023	-	-	470,023
Supplies and instructional materials		267,842	59,431	327,273	-	23,789	351,062
Equipment and furnishing		101,325	22,483	123,808	-	8,999	132,807
Technology		105,708	23,455	129,163	-	9,389	138,552
Utilities		258,683	57,399	316,082	-	22,975	339,057
Interest expense		58,653	-	58,653	-	-	58,653
Depreciation		338,933	69,748	408,681	-	27,918	436,599
Other expenses		78,431	31,071	109,502	3,869	20,714	134,085
Total operating expenses		5,591,629	1,408,464	7,000,093	108,869	1,045,230	8,154,192
Total expenses		\$ 12,586,390	\$ 2,960,526	\$ 15,546,916	\$ 108,869	\$ 1,666,479	\$ 17,322,264

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

**NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY**

**Consolidated Statement of Functional Expenses**

For the year ended June 30, 2024

	No. of positions	Program expenses			Supporting services		Total Program and Supporting Services
		Regular education	Special education	Total programs	Fundraising	Management and general	
<b>Salaries</b>							
Instructional personnel	120	\$ 6,291,203	\$ 1,704,310	\$ 7,995,513	\$ -	\$ -	\$ 7,995,513
Administrative staff personnel	10	802,470	27,174	829,644	-	445,184	1,274,828
Non-instructional personnel	10	417,854	14,150	432,004	-	231,812	663,816
Total salaries	140	<u>7,511,527</u>	<u>1,745,634</u>	<u>9,257,161</u>	-	<u>676,996</u>	<u>9,934,157</u>
<b>Operating expenses</b>							
Payroll taxes and fringe benefits		1,576,522	366,374	1,942,896	-	142,088	2,084,984
Retirement		158,581	36,853	195,434	-	14,293	209,727
Contracted services		144,746	34,177	178,923	-	471,692	650,615
Administrative		76,254	17,721	93,975	-	6,873	100,848
Marketing and recruitment		107,494	24,981	132,475	-	9,688	142,163
Legal and professional fees		36,926	6,924	43,850	-	61,916	105,766
Other purchase/professional/consulting		101,197	23,518	124,715	120,000	9,121	253,836
Insurance		81,021	18,829	99,850	-	106,151	206,001
Repairs and maintenance		659,648	153,298	812,946	-	59,452	872,398
Occupancy		821,049	190,807	1,011,856	-	73,999	1,085,855
School and staff development		250,324	58,174	308,498	-	22,561	331,059
Student services		9,072	158,164	167,236	-	1,163	168,399
Food service		290,942	82,061	373,003	-	-	373,003
Supplies and instructional materials		270,143	62,780	332,923	-	24,347	357,270
Equipment and furnishing		112,088	26,049	138,137	-	10,102	148,239
Technology		81,227	18,877	100,104	-	7,321	107,425
Utilities		199,101	46,270	245,371	-	17,944	263,315
Interest expense		58,654	-	58,654	-	-	58,654
Depreciation		278,631	59,036	337,667	-	22,893	360,560
Other expenses		64,538	25,516	90,054	3,692	17,013	110,759
Total operating expenses		<u>5,378,158</u>	<u>1,410,409</u>	<u>6,788,567</u>	<u>123,692</u>	<u>1,078,617</u>	<u>7,990,876</u>
Total expenses		<u>\$ 12,889,685</u>	<u>\$ 3,156,043</u>	<u>\$ 16,045,728</u>	<u>\$ 123,692</u>	<u>\$ 1,755,613</u>	<u>\$ 17,925,033</u>

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

**NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY****Consolidated Statements of Cash Flows**

For the years ended June 30,

	<u>2025</u>	<u>2024</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 3,675,919	\$ 4,376,273
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	436,599	360,560
Amortization of debt issuance costs	58,653	58,654
Amortization of operating lease right-of-use assets	803,988	727,940
Changes in operating assets and liabilities		
Grants receivable	1,296,996	(1,031,222)
Security deposits	(36,300)	-
Prepaid expenses	-	6,362
Accounts payable and accrued expenses	384,117	(191,883)
Accrued salaries and other payroll-related expenses	(74,417)	(55,864)
Operating lease liabilities	(803,988)	(727,940)
Refundable advances	296,034	(229,141)
Net cash provided by operating activities	<u>6,037,601</u>	<u>3,293,739</u>
<b>Cash flows from investing activities</b>		
Acquisition of fixed assets	(12,811,579)	(26,249,479)
Other escrow	777,865	(777,865)
Net cash used in investing activities	<u>(12,033,714)</u>	<u>(27,027,344)</u>
<b>Cash flows from financing activities</b>		
Repayment of bonds payable	(820,000)	(775,000)
Net cash used in financing activities	<u>(820,000)</u>	<u>(775,000)</u>
Net change in cash, cash equivalents and restricted cash	(6,816,113)	(24,508,605)
Cash, cash equivalents and restricted cash - beginning of year	14,847,709	39,356,314
Cash, cash equivalents and restricted cash - end of year	<u>\$ 8,031,596</u>	<u>\$ 14,847,709</u>
<b>Cash, cash equivalents and restricted cash as reported within the consolidated statements of financial position</b>		
Cash and cash equivalents	\$ 2,736,699	\$ 6,985,816
Restricted cash and escrow reserves	5,294,897	7,861,893
	<u>\$ 8,031,596</u>	<u>\$ 14,847,709</u>
<b>Supplemental disclosure</b>		
Cash paid for interest (capitalized)	<u>\$ 2,054,712</u>	<u>\$ 2,088,619</u>

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

## NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY

### Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

#### Note 1 Organization

New World Preparatory Charter School (the “School”), a 501(c)(3) tax-exempt organization, is a public charter school located in Staten Island, New York. The School was granted a five-year charter in 2010 and commenced sixth grade classes in September 2010. Seventh and eighth grade classes were added in 2011 and 2012 school year. The School was granted the expansion from kindergarten to fifth grade under its second charter renewal for an additional five years effective January 9, 2018. In September 2018, fifth grade was added, followed by kindergarten and first grade in 2019. Second, third and fourth grades were subsequently added each year during 2020 to 2022, making it a kindergarten through eighth grade school. The School provides an exceptional education for students by employing research-proven strategies to raise middle school academic achievement including academic rigor and relevance, personalization, focused professional development, and meaningful engagement of families and the larger community. The School’s charter was renewed in 2023 for another 5 year term through July 31, 2028.

Friends of New World Prep, Inc. (the “Friends of NWP”), is a non-profit organization, founded in September 2018 under Section 402 of the Not-for-Profit Corporate Law of the State of New York. Friends of NWP is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The board of trustees of the School has control over the board of trustees of Friends of NWP and as a result the two entities are being consolidated.

From here on in, the School and Friends of NWP are referred to as the “Organization”.

#### Note 2 Summary of significant accounting policies

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

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

## NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY

### Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

#### Note 2 Summary of significant accounting policies - (continued)

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

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

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

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

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

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

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

**Grants receivable.** Grants receivable are recorded at net realizable value and do not bear interest. The allowance for doubtful accounts is the Organization's best estimate of the amount of probable credit losses in existing receivables. Management determines the allowance based on historical write-off experience and reviews its allowance for doubtful accounts periodically. Past due balances are reviewed individually for collectability. Grants receivable are \$279,874 and \$1,576,870 at June 30, 2025 and 2024, respectively. There is no allowance recorded at June 30, 2025 and 2024 as all amounts are deemed collectible.

**NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY**  
**Notes to the Consolidated Financial Statements**  
June 30, 2025 and 2024

**Note 2 Summary of significant accounting policies - (continued)**

**Reserve contingency.** Under the provisions of its charter, the Organization established an escrow amount to pay for legal and audit expenses that would be associated with dissolution, should such event occur.

**Property and equipment.** Property and equipment are recorded at cost. Donated assets are capitalized at the estimated fair value at date of receipt. Maintenance and repairs are charged to expense as incurred; significant improvements are capitalized. The Organization capitalizes additions and significant improvements in excess of \$1,000. Items with an acquisition cost of less than \$1,000 or a useful life of less than one year are expensed in the year purchased. Depreciation is computed using the straight-line method over estimated useful lives of the respective asset. The estimated depreciable lives of the different classes of property are as follows:

<u>Asset</u>	<u>Useful Life</u>
Building	39 years
Furniture and fixtures	7 years
Leasehold improvements	5 years
Computer and office equipment	3 years

Construction-in-progress at June 30, 2025 and 2024 consists of costs incurred for architecture, engineering, and professional fees related to the construction of the Organization's new facility. Construction-in-progress is stated at cost. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and put into use.

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

The Organization rents spaces and office equipment under various non-cancelable operating leases. Leases with an initial term of 12 months or less are not recorded on the consolidated statements of financial position and are expensed on a straight-line basis.

**NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY**  
**Notes to the Consolidated Financial Statements**  
June 30, 2025 and 2024

**Note 2 Summary of significant accounting policies - (continued)**

**Refundable advances.** Funds received in advance for which qualifying expenditures have not been incurred are reflected as refundable advances from state and local government grants in the accompanying consolidated statements of financial position.

**Donated goods and services.** The Organization receives donated services from unpaid volunteers. No amounts have been recognized in the accompanying consolidated statements of activities, since the services do not meet the specialized skill criteria for recognition under U.S. GAAP.

The Organization received donated transportation and food service services from the local district. The Organization was unable to determine a value for these services.

**Functional expenses.** The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among program services, administrative and fundraising. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Salaries	Time and effort
Payroll taxes and fringe benefits	Time and effort
Financial and administrative	Time and effort
Insurance	Square Footage
Repairs and maintenance	Time and effort
Building, equipment leasing and furnishings	Square Footage

**Income taxes.** The School and Friends of NWP are tax-exempt under Section 501(c)(3) of the Internal Revenue Code (IRC) and have been classified as a publicly supported organization as described in IRC sections 509(A)(1) and 170(B)(1)(A)(II).

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

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

**NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY**  
**Notes to the Consolidated Financial Statements**  
June 30, 2025 and 2024

**Note 3 Liquidity and availability**

Financial Assets:	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 2,736,699	\$ 6,985,816
Grants receivable	<u>279,874</u>	<u>1,576,870</u>
Amount available for general expenditure within one year	<u>\$ 3,016,573</u>	<u>\$ 8,562,686</u>

**Note 4 Accrued salaries and other payroll-related expenses**

Accrued salaries and other payroll-related expenses consist of amounts earned by the staff during the school year which are paid out over the summer months. For the years ended June 30, 2025 and 2024, accrued bonuses relating to a retention plan were approximately \$175,000 and \$125,000, respectively. Also included in accrued salaries and other payroll-related expenses is accrued salary of \$1,244,654 and \$1,369,071 as of June 30, 2025 and 2024, respectively.

**Note 5 Property and equipment**

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

	<u>2025</u>	<u>2024</u>
Leasehold improvements	\$ 1,546,985	\$ 1,536,539
Land	1,919,232	1,919,232
Building	959,356	959,356
Furniture and fixtures	413,844	371,485
Computer equipment	2,291,371	1,866,395
Office equipment	119,872	97,982
Construction-in-progress	<u>65,792,180</u>	<u>56,203,365</u>
	73,042,840	62,954,354
Less, accumulated depreciation	<u>(3,882,313)</u>	<u>(3,445,714)</u>
	<u>\$ 69,160,527</u>	<u>\$ 59,508,640</u>

## NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY

### Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

#### Note 6 Restricted cash and escrow reserves

Restricted cash and escrow reserve accounts as of June 30, are as follows:

	<u>2025</u>	<u>2024</u>
Debt service reserve fund	\$ 2,886,118	\$ 2,888,518
Project fund	9,111	2,704,892
Capitalized interest fund	2,204,515	2,101,515
Repair and replacement fund	83,467	60,172
Reserve - contingency	111,686	106,796
	<u>\$ 5,294,897</u>	<u>\$ 7,861,893</u>

#### Note 7 Retirement plan

The Organization offers a 401(k) plan for all qualifying employees. Employees are eligible for the plan immediately upon employment. Participation in the plan is voluntary. Employees can make pretax contributions up to a maximum of 100% of their annual compensation, up to IRS limits for each calendar year. The Organization matches 100% of an employee's contribution up to 4% of the employee's annual compensation. For the years ended June 30, 2025 and 2024, the Organization's matching contribution was \$177,950 and \$209,727, respectively. Such plan assets are held in a separate trust and are not included in the accompanying consolidated financial statements. All plan assets are held for the exclusive benefit of the Plan's participants and beneficiaries.

#### Note 8 Concentration of credit risk

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

The Organization received approximately 88% and 83% of its operating revenue, which is subject to specific requirements, from per pupil funding from the New York State Department of Education during the years ended June 30, 2025 and 2024, respectively. Additionally, the Organization's grants receivable as of June 30, 2025 and 2024 consists of 100% and 56%, respectively, from the New York State Department of Education.

**NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY**  
**Notes to the Consolidated Financial Statements**  
June 30, 2025 and 2024

**Note 9 Operating lease**

The Organization rents spaces and office equipment under various non-cancelable operating leases.

The Organization determines if an arrangement is a lease at the inception of a contract, and recognizes operating lease expense on a straight-line basis over the lease term. Leases with an initial term of twelve months or less are not recorded on the consolidated statements of financial position and are expensed on a straight-line basis.

Operating expenses for the leasing activity of the Organization as lessee for the years ended June 30, 2025 and 2024 are as follows:

Lease type	2025	2024
Operating lease costs	\$ 848,870	\$ 793,613
Short-term lease costs	386,196	386,196
	<u>\$ 1,235,066</u>	<u>\$ 1,179,809</u>

For the years ended June 30, 2025 and 2024, rent expense was \$1,235,066 and \$1,179,809 respectively, and is included in occupancy, equipment and furnishings on the accompanying statements of functional expenses.

The aggregate future lease payments below summarize the remaining future undiscounted cash flows for operating leases as of June 30, 2025, and a reconciliation to operating lease liabilities reported on the consolidated statements of financial position:

2026	\$ 302,949
2027	230,439
2028	233,607
2029	39,093
Total lease payments	806,088
Less interest	(44,449)
Present value of lease liabilities	<u>\$ 761,639</u>

Operating lease terms and discount rate at June 30, 2025 and 2024 are as follows:

	2025	2024
Weighted average remaining lease term (years)	2.88	2.06
Weighted average discount rate	2.88%	2.86%

**NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY****Notes to the Consolidated Financial Statements**

June 30, 2025 and 2024

**Note 9 Operating lease - (continued)**

The following summarizes cash paid for operating lease liabilities and other non-cash information as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in measurement of operating lease liabilities	\$ 848,870	\$ 793,613

**Note 10 Master lease**

The School has entered into a master lease agreement with the Friends of NWP for its rental space for a period of 40 years commencing May 1, 2020. The School is required to pay rent as defined in the master lease agreement. The rent expense is calculated on a straight-line basis over the term of the lease. At June 30, 2025 and 2024, deferred rent payable is \$1,871,201, represents the excess of the rent expense recognized over the actual rent paid. Rent expense under the master lease and deferred rent payable were eliminated on the consolidated financial statements. Due to the uncertainty for the amount of lease assistance from New York City Department of Education, both the School and Friends of NWP agree to put the master lease on hold effective July 1, 2023.

**Note 11 Contingency**

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

## NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY

### Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

#### Note 12 Bonds payable

On June 15, 2021, Build NYC Resource Corporation provided construction and permanent financing of \$52,125,000 through the issuance of \$51,160,000 in Tax-Exempt Revenue Bonds (the “Series 2021A Bonds”), bearing interest at 2.75% to 3.30% per annum, with principal due at varying amounts annually through maturity on June 15, 2056, and \$965,000 in Taxable Revenue Bonds bearing interest at 4.375% per annum which was repaid in varying amounts through maturity on June 15, 2025. The proceeds of the bonds are used to construct a three-story building at Staten Island, New York, to be used as classroom and administration space.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 850,000
2027	885,000
2028	920,000
2029	960,000
2030	995,000
Thereafter	<u>45,920,000</u>
Total	50,530,000
Less: current portion	(850,000)
Add: unamortized bond issuance costs and issuance premium, net	<u>1,460,020</u>
Long-term bonds payable, net	<u><u>\$ 51,140,020</u></u>

#### Note 13 Net assets

Net assets with donor restrictions are restricted for the construction of new school facility. Net assets with donor restrictions as of June 30, 2025 and 2024 are \$- and \$50,000, respectively.

#### Note 14 Other escrow

In June 2023, Metro Environmental Services LLC (MES) filed a Notice Under Mechanic’s Lien Law against the property in connection with the construction of the new school facility in the principal amount of \$707,150. In August 2023, the Organization established an escrow account of \$777,865 with Suretec Insurance Company to address the lien. In August 2024, the Organization and MES entered into a settlement agreement for this lien. The Organization paid \$300,000 to MES and acknowledged the in-kind service of \$407,150 provided by MES. The lien was discharged. Additionally, the Organization received the full escrow amount from Suretec Insurance Company.

## NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY

### Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

#### Note 15 Employee retention credit

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

For the year ended June 30, 2025, the School recognized \$505,530 of ERC as grant revenue within the consolidated statements of activities, related to qualified wages incurred during calendar year 2020.

#### Note 16 Subsequent events

Management has evaluated subsequent events through October 31, 2025, the date that the consolidated financial statements were available to be issued, and determined the following subsequent event occurred, which requires disclosure in the consolidated financial statements.

On August 29, 2025, the School filed a Verified Petition with the New York State Education Department appealing the New York City Department of Education’s (“DOE”) denial of the School’s request for rental assistance reimbursement pursuant to New York Education Law §2853(3). The petition challenges the DOE’s position that the School’s Master Lease terms are not eligible for reimbursement and seeks an order requiring the DOE to provide past and future rental assistance that the School is eligible to receive.

Management is unable to predict the outcome of this proceeding as of the report date, and accordingly, no amounts related to this matter have been recorded in the accompanying consolidated financial statements. Management will continue to monitor the proceeding and evaluate any potential financial impact in future periods.

**NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY**  
**Consolidating Statement of Financial Position**  
As of June 30, 2025

	<u>NWPCS</u>	<u>Friends of NWP</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b><u>Assets</u></b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 2,552,331	\$ 184,368	\$ -	\$ 2,736,699
Grants receivable	279,874	-	-	279,874
Due from affiliate	8,626,873	-	(8,626,873)	-
Security deposits	69,633	-	-	69,633
Deferred rents receivable	-	1,871,201	(1,871,201)	-
Total current assets	11,528,711	2,055,569	(10,498,074)	3,086,206
<b>Property and equipment, net</b>	637,348	68,523,179	-	69,160,527
<b>Operating lease right-of-use assets</b>	37,778	723,861	-	761,639
<b>Other assets</b>				
Restricted cash and escrow reserves	111,686	5,183,211	-	5,294,897
Total assets	<u>\$ 12,315,523</u>	<u>\$ 76,485,820</u>	<u>\$ (10,498,074)</u>	<u>\$ 78,303,269</u>

**NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY**  
**Consolidating Statement of Financial Position - continued**  
As of June 30, 2025

	<u>NWPCS</u>	<u>Friends of NWP</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b><u>Liabilities and Net Assets</u></b>				
<b>Current liabilities</b>				
Accounts payable and accrued expenses	\$ 853,556	\$ 45,000	\$ -	\$ 898,556
Construction costs payable	-	564,679	-	564,679
Due to affiliate	-	8,626,873	(8,626,873)	-
Deferred rents payable	1,871,201	-	(1,871,201)	-
Accrued salaries and other payroll-related expenses	1,419,654	-	-	1,419,654
Bonds payable - current portion	-	850,000	-	850,000
Short-term operating lease liabilities	35,318	245,720	-	281,038
Refundable advances	493,920	100,000	-	593,920
Total current liabilities	<u>4,673,649</u>	<u>10,432,272</u>	<u>(10,498,074)</u>	<u>4,607,847</u>
<b>Long term liabilities</b>				
Long-term operating lease liabilities	2,460	478,141	-	480,601
Bonds payable, net	-	51,140,020	-	51,140,020
Total liabilities	<u>4,676,109</u>	<u>62,050,433</u>	<u>(10,498,074)</u>	<u>56,228,468</u>
<b>Net assets</b>				
Net assets without donor restrictions				
Undesignated	7,527,728	14,435,387	-	21,963,115
Reserve - contingency	111,686	-	-	111,686
Total net assets	<u>7,639,414</u>	<u>14,435,387</u>	<u>-</u>	<u>22,074,801</u>
Total liabilities and net assets	<u>\$ 12,315,523</u>	<u>\$ 76,485,820</u>	<u>\$ (10,498,074)</u>	<u>\$ 78,303,269</u>

**NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY**  
**Consolidating Statement of Financial Position**  
As of June 30, 2024

	<u>NWPCS</u>	<u>Friends of NWP</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b><u>Assets</u></b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 6,834,157	\$ 151,659	\$ -	\$ 6,985,816
Grants receivable	1,576,870	-	-	1,576,870
Due from affiliate	-	960,830	(960,830)	-
Security deposits	33,333	-	-	33,333
Deferred rents receivable	-	1,871,201	(1,871,201)	-
Total current assets	<u>8,444,360</u>	<u>2,983,690</u>	<u>(2,832,031)</u>	<u>8,596,019</u>
<b>Property and equipment, net</b>	549,678	58,958,962	-	59,508,640
<b>Operating lease right-of-use assets</b>	136,663	1,428,964	-	1,565,627
<b>Other assets</b>				
Restricted cash and escrow reserves	106,796	7,755,097	-	7,861,893
Other escrow	-	777,865	-	777,865
Total assets	<u><u>\$ 9,237,497</u></u>	<u><u>\$ 71,904,578</u></u>	<u><u>\$ (2,832,031)</u></u>	<u><u>\$ 78,310,044</u></u>

**NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY**  
**Consolidating Statement of Financial Position - continued**  
As of June 30, 2024

	<u>NWPCS</u>	<u>Friends of NWP</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b><u>Liabilities and Net Assets</u></b>				
<b>Current liabilities</b>				
Accounts payable and accrued expenses	\$ 479,438	\$ 35,000	\$ -	\$ 514,438
Construction costs payable	-	3,182,022	-	3,182,022
Due to affiliate	960,830	-	(960,830)	-
Deferred rents payable	1,871,201	-	(1,871,201)	-
Accrued salaries and other payroll-related expenses	1,494,071	-	-	1,494,071
Bonds payable - current portion	-	820,000	-	820,000
Short-term operating lease liabilities	98,885	705,102	-	803,987
Refundable advances	247,886	50,000	-	297,886
Total current liabilities	<u>5,152,311</u>	<u>4,792,124</u>	<u>(2,832,031)</u>	<u>7,112,404</u>
<b>Long term liabilities</b>				
Long-term operating lease liabilities	37,778	723,862	-	761,640
Bonds payable, net	-	52,037,118	-	52,037,118
Total liabilities	<u>5,190,089</u>	<u>57,553,104</u>	<u>(2,832,031)</u>	<u>59,911,162</u>
<b>Net assets</b>				
Net assets without donor restrictions				
Undesignated	3,890,612	14,351,474	-	18,242,086
Reserve - contingency	106,796	-	-	106,796
Net assets with donor restrictions	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Total net assets	<u>4,047,408</u>	<u>14,351,474</u>	<u>-</u>	<u>18,398,882</u>
Total liabilities and net assets	<u>\$ 9,237,497</u>	<u>\$ 71,904,578</u>	<u>\$ (2,832,031)</u>	<u>\$ 78,310,044</u>

**NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY**  
**Consolidating Statement of Activities**  
For the year ended June 30, 2025

	NWPCS			Friends of NWP	Elimination	Consolidated
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions		
<b>Operating revenue and other support</b>						
State and local per pupil operating revenue						
General education	\$ 15,304,235	\$ -	\$ 15,304,235	\$ -	\$ -	\$ 15,304,235
Special education	2,843,786	-	2,843,786	-	-	2,843,786
Facility lease assistance	248,697	-	248,697	-	-	248,697
Total state and local per pupil operating revenue	18,396,718	-	18,396,718	-	-	18,396,718
<b>Grants, contract and other support</b>						
State and local grants	72,452	-	72,452	-	-	72,452
Federal grants	1,007,124	-	1,007,124	-	-	1,007,124
Employee retention credit	505,530	-	505,530	-	-	505,530
Contributions	368,050	-	368,050	25,000	-	393,050
Rental income	-	-	-	1,149,931	(1,149,931)	-
Interest and other income	345,395	-	345,395	277,914	-	623,309
Net assets released from restrictions	50,000	(50,000)	-	-	-	-
Total operating revenue and other support	20,745,269	(50,000)	20,695,269	1,452,845	(1,149,931)	20,998,183
<b>Expenses</b>						
<b>Program expenses</b>						
Regular education	12,472,389	-	12,472,389	991,338	(877,337)	12,586,390
Special education	2,960,526	-	2,960,526	194,672	(194,672)	2,960,526
Total program expenses	15,432,915	-	15,432,915	1,186,010	(1,072,009)	15,546,916
<b>Supporting services</b>						
Management and general	1,666,479	-	1,666,479	77,922	(77,922)	1,666,479
Fundraising	3,869	-	3,869	105,000	-	108,869
Total program and supporting services expenses	17,103,263	-	17,103,263	1,368,932	(1,149,931)	17,322,264
Change in net assets	3,642,006	(50,000)	3,592,006	83,913	-	3,675,919
Net assets - beginning of year	3,997,408	50,000	4,047,408	14,351,474	-	18,398,882
Net assets - end of year	\$ 7,639,414	\$ -	\$ 7,639,414	\$ 14,435,387	\$ -	\$ 22,074,801

**NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY**  
**Consolidating Statement of Activities**  
For the year ended June 30, 2024

	NWPCS			Friends of NWP	Elimination	Consolidated
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions		
<b>Operating revenue and other support</b>						
State and local per pupil operating revenue						
General education	\$ 14,669,708	\$ -	\$ 14,669,708	\$ -	\$ -	\$ 14,669,708
Special education	2,978,343	-	2,978,343	-	-	2,978,343
Facility lease assistance	759,010	-	759,010	-	-	759,010
Total state and local per pupil operating revenue	18,407,061	-	18,407,061	-	-	18,407,061
<b>Grants, contract and other support</b>						
State and local grants	69,783	-	69,783	-	-	69,783
Federal grants	1,735,044	-	1,735,044	-	-	1,735,044
Contributions	344,694	50,000	394,694	-	-	394,694
Rental income	-	-	-	1,077,426	(1,077,426)	-
Interest and other income	522,030	-	522,030	1,172,694	-	1,694,724
Total operating revenue and other support	21,078,612	50,000	21,128,612	2,250,120	(1,077,426)	22,301,306
<b>Expenses</b>						
<b>Program expenses</b>						
Regular education	12,775,681	-	12,775,681	928,680	(814,676)	12,889,685
Special education	3,156,043	-	3,156,043	189,326	(189,326)	3,156,043
Total program expenses	15,931,724	-	15,931,724	1,118,006	(1,004,002)	16,045,728
<b>Supporting services</b>						
Management and general	1,755,613	-	1,755,613	73,424	(73,424)	1,755,613
Fundraising	3,692	-	3,692	120,000	-	123,692
Total program and supporting services expenses	17,691,029	-	17,691,029	1,311,430	(1,077,426)	17,925,033
Change in net assets	3,387,583	50,000	3,437,583	938,690	-	4,376,273
Net assets - beginning of year	609,825	-	609,825	13,412,784	-	14,022,609
Net assets - end of year	\$ 3,997,408	\$ 50,000	\$ 4,047,408	\$ 14,351,474	\$ -	\$ 18,398,882

**NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY**

**Schedule of Debt Covenants**

For the year ended June 30, 2025

	<u>Minimum Requirement</u>	<u>Actual</u>
Debt service coverage ratio	1.10	1.45
Days cash on hand	45	106

**The debt service coverage ratio is calculated as follows:**

Increase in net assets	\$ 3,675,919		
Add back: Interest expense (capitalized)	-		
Depreciation and amortization	495,252		
Net revenues available for debt service	<u>\$ 4,171,171</u>		
<b>Debt service payments</b>			
Interest expense (capitalized)	\$ 2,054,712		
Principal	820,000		
<b>Total current debt service</b>	<u>\$ 2,874,712</u>		
Net revenues available for debt service	<u>\$ 4,171,171</u>	=	
<b>Total current debt service</b>	<u>\$ 2,874,712</u>		1.45

**The days cash on hand is calculated as follows:**

Total expenses	\$ 17,322,264		
Less: Depreciation and amortization	(495,252)		
Net expenses	<u>16,827,012</u>		
Number of days	365		
Cash used per day	<u>\$ 46,101</u>		
Cash and cash equivalents at year end	<u>\$ 4,886,096</u>	=	
Cash used per day	<u>\$ 46,101</u>		106

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

To the Board of Trustees of  
New World Preparatory Charter School and Subsidiary

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of New World Preparatory Charter School and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 31, 2025.

***Report on internal control over financial reporting***

In planning and performing our audit of the consolidated financial statements, we considered New World Preparatory Charter School and Subsidiary's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of New World Preparatory Charter School and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of New World Preparatory Charter School and Subsidiary's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on compliance and other matters***

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

***Purpose of this report***

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

NCheng LLP

New York, New York  
October 31, 2025