

**PAVE Academy Charter School**

Financial Statements

June 30, 2025 and 2024

## Independent Auditors' Report

**Board of Trustees**  
**PAVE Academy Charter School**

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of PAVE Academy Charter School (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years 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 PAVE Academy Charter School as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PAVE Academy 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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PAVE Academy 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 PAVE Academy Charter School's ability to continue as a going concern for a reasonable period of time.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2025, on our consideration of PAVE Academy Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of PAVE Academy Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PAVE Academy Charter School's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Harrison, New York  
September 25, 2025

**PAVE Academy Charter School**

Statements of Financial Position

	June 30,	
	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 2,183,151	\$ 2,939,611
Grants and contracts receivable	347,909	704,600
Due from related party	44,000	33,000
Prepaid expenses and other current assets	<u>113,889</u>	<u>107,794</u>
Total Current Assets	2,688,949	3,785,005
Investments	6,025,497	5,733,001
Property and equipment, net	333,041	258,647
Security deposits	32,268	-
Restricted cash	<u>76,498</u>	<u>76,498</u>
	<u>\$ 9,156,253</u>	<u>\$ 9,853,151</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 211,515	\$ 173,960
Accrued payroll and payroll taxes	<u>411,367</u>	<u>406,858</u>
Total Current Liabilities	<u>622,882</u>	<u>580,818</u>
Net Assets		
Without Donor Restrictions		
Undesignated	8,172,012	8,923,894
Board designated	<u>209,039</u>	<u>209,039</u>
	8,381,051	9,132,933
With donor restrictions	<u>152,320</u>	<u>139,400</u>
Total Net Assets	<u>8,533,371</u>	<u>9,272,333</u>
	<u>\$ 9,156,253</u>	<u>\$ 9,853,151</u>

See notes to financial statements

**PAVE Academy Charter School**

Statement of Activities  
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>REVENUE AND SUPPORT</b>			
State and local per pupil operating revenue	\$ 9,227,880	\$ -	\$ 9,227,880
Federal grants	738,791	-	738,791
Federal E-rate and IDEA	200,169	-	200,169
State grants	40,775	-	40,775
Contributions and grants	81,857	209,920	291,777
Interest and other income	311,820	-	311,820
Net assets released from restrictions	<u>197,000</u>	<u>(197,000)</u>	<u>-</u>
Total Revenue and Support	<u>10,798,292</u>	<u>12,920</u>	<u>10,811,212</u>
 <b>EXPENSES</b>			
Program Services			
Regular education	7,212,974	-	7,212,974
Special education	<u>3,340,989</u>	<u>-</u>	<u>3,340,989</u>
Total Program Services	10,553,963	-	10,553,963
Supporting Services			
Management and general	<u>996,211</u>	<u>-</u>	<u>996,211</u>
Total Expenses	<u>11,550,174</u>	<u>-</u>	<u>11,550,174</u>
 Change in Net Assets	(751,882)	12,920	(738,962)
 <b>NET ASSETS</b>			
Beginning of year	<u>9,132,933</u>	<u>139,400</u>	<u>9,272,333</u>
 End of year	<u>\$ 8,381,051</u>	<u>\$ 152,320</u>	<u>\$ 8,533,371</u>

See notes to financial statements

**PAVE Academy Charter School**

Statement of Activities  
Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
State and local per pupil operating revenue	\$ 9,487,588	\$ -	\$ 9,487,588
Federal grants	1,279,822	-	1,279,822
Federal E-rate and IDEA	194,887	-	194,887
State grants	44,481	-	44,481
Contributions and grants	155,580	205,638	361,218
Interest and other income	282,910	-	282,910
Net assets released from restrictions	210,139	(210,139)	-
Total Revenue and Support	<u>11,655,407</u>	<u>(4,501)</u>	<u>11,650,906</u>
<b>EXPENSES</b>			
Program Services			
Regular education	7,256,444	-	7,256,444
Special education	<u>3,015,783</u>	-	<u>3,015,783</u>
Total Program Services	10,272,227	-	10,272,227
Supporting Services			
Management and general	<u>1,396,733</u>	-	<u>1,396,733</u>
Total Expenses	<u>11,668,960</u>	-	<u>11,668,960</u>
 Change in Net Assets Before Other Income	 (13,553)	 (4,501)	 (18,054)
<b>OTHER INCOME</b>			
Employee Retention Credit	<u>336,336</u>	-	<u>336,336</u>
 Change in Net Assets	 322,783	 (4,501)	 318,282
<b>NET ASSETS</b>			
Beginning of year	<u>8,810,150</u>	<u>143,901</u>	<u>8,954,051</u>
End of year	<u>\$ 9,132,933</u>	<u>\$ 139,400</u>	<u>\$ 9,272,333</u>

See notes to financial statements

**PAVE Academy Charter School**

Statement of Functional Expenses  
Year Ended June 30, 2025

	Program Services			Management and General	Total
	No. of Positions	Regular Education	Special Education		
Personnel Services Costs					
Administrative staff personnel	17	\$ 859,291	\$ 514,327	\$ 1,373,618	\$ 2,052,108
Instructional personnel	55	3,163,866	1,522,203	4,686,069	4,686,069
Total Personnel Services Costs	<u>72</u>	<u>4,023,157</u>	<u>2,036,530</u>	<u>6,059,687</u>	<u>6,738,177</u>
Fringe benefits and payroll taxes		837,300	423,843	1,261,143	1,402,350
Retirement		36,577	18,515	55,092	61,260
Legal service		11,111	5,624	16,735	18,610
Accounting / audit services		66,931	33,881	100,812	112,100
Other purchased / professional / consulting services		356,782	140,980	497,762	529,804
Repairs and maintenance		403,650	108,435	512,085	512,085
Insurance		125,526	63,542	189,068	210,236
Utilities		175,143	47,049	222,192	222,192
Supplies / materials		204,489	54,931	259,420	259,420
Equipment / furnishings		2,589	1,311	3,900	4,337
Staff development		25,614	6,881	32,495	32,495
Marketing / recruitment		104,044	52,667	156,711	174,259
Technology		98,550	28,546	127,096	128,567
Food service		257,994	130,597	388,591	432,100
Student services		225,322	60,529	285,851	285,851
Office expense		120,220	57,913	178,133	196,318
Depreciation and amortization		98,955	50,091	149,046	165,735
Other		<u>39,020</u>	<u>19,124</u>	<u>58,144</u>	<u>64,278</u>
Total Expenses		<u>\$ 7,212,974</u>	<u>\$ 3,340,989</u>	<u>\$ 10,553,963</u>	<u>\$ 11,550,174</u>

**PAVE Academy Charter School**

Statement of Functional Expenses  
Year Ended June 30, 2024

	Program Services			Management and General	Total
	No. of Positions	Regular Education	Special Education		
Personnel Services Costs					
Administrative staff personnel	20	\$ 718,420	\$ 457,950	\$ 1,176,370	\$ 2,096,384
Instructional personnel	60	3,379,563	1,315,679	4,695,242	4,695,242
Total Personnel Services Costs	80	4,097,983	1,773,629	5,871,612	6,791,626
Fringe benefits and payroll taxes		840,213	363,649	1,203,862	1,392,493
Retirement		31,391	13,586	44,977	52,024
Legal service		4,481	1,449	5,930	6,025
Accounting / audit services		57,000	24,670	81,670	94,467
Other purchased / professional / consulting services		463,849	178,912	642,761	706,307
Repairs and maintenance		310,755	134,496	445,251	515,017
Insurance		118,209	51,161	169,370	195,908
Utilities		139,616	60,427	200,043	231,387
Supplies / materials		161,859	50,497	212,356	212,356
Equipment / furnishings		9,148	2,854	12,002	12,002
Staff development		20,901	6,521	27,422	27,422
Marketing / recruitment		101,260	34,902	136,162	142,313
Technology		72,154	31,229	103,383	119,582
Food service		337,412	105,266	442,678	442,678
Student services		207,860	64,848	272,708	272,708
Office expense		129,191	55,988	185,179	213,924
Depreciation and amortization		86,736	37,540	124,276	143,749
Other		66,426	24,159	90,585	96,972
Total Expenses		<u>\$ 7,256,444</u>	<u>\$ 3,015,783</u>	<u>\$ 10,272,227</u>	<u>\$ 11,668,960</u>

**PAVE Academy Charter School**

Statements of Cash Flows

	Year Ended June 30,	
	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (738,962)	\$ 318,282
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	165,735	143,749
Changes in operating assets and liabilities		
Grants and contracts receivable	356,691	255,181
Due from related party	(11,000)	(11,000)
Prepaid expenses and other current assets	(6,095)	(49,034)
Security deposits	(32,268)	-
Accounts payable and accrued expenses	37,555	(63,626)
Accrued payroll and payroll taxes	4,509	72,167
Net Cash from Operating Activities	(223,835)	665,719
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(240,129)	(185,894)
Purchases of investments	(292,496)	(277,048)
Net Cash from Investing Activities	(532,625)	(462,942)
 Net Change in Cash and Restricted Cash	(756,460)	202,777
 <b>CASH AND RESTRICTED CASH</b>		
Beginning of year	3,016,109	2,813,332
End of year	\$ 2,259,649	\$ 3,016,109

See notes to financial statements

# PAVE Academy Charter School

Notes to Financial Statements  
June 30, 2025 and 2024

## 1. Organization and Tax Status

PAVE Academy Charter School (the "School") is a New York State, not-for-profit educational corporation that was incorporated on January 15, 2008 to operate a charter school pursuant to Article 56 of the Education Law of the State of New York. The School was granted a provisional charter on January 15, 2008 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. The Board of Regents approved and issued several renewals to the School's charter expiring on June 30, 2028. During March of 2017, the School applied to change their authorizer and transfer its charter from the New York City Department of Education to the State University of New York ("SUNY"). On October 11, 2017, SUNY approved the transfer of the School's charter effective beginning with the 2017-2018 school year. The School provides students a rigorous, college-preparatory education that lays the foundation for a productive and choice-filled life. The School's evidence-based, multi-pronged approach recognizes that young people - particularly young people of color from high-poverty communities - can only achieve academic success when they feel safe, supported, connected, and emotionally healthy. To that end, the School equally fosters the academic, social, and emotional development of skills students need to become critical thinkers, problem solvers, overcomers, and future leaders in their communities. Classes commenced in Red Hook, Brooklyn, New York, in August 2008 and the School provided education to approximately 409 students in kindergarten through eighth grade in the 2024-2025 academic year.

The New York City Department of Education provides free transportation directly to some of the School's students. Such costs are not included in these financial statements.

Except for taxes that may be due for unrelated business income, 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.

## 2. Summary of Significant Accounting Policies

### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

## PAVE Academy Charter School

Notes to Financial Statements  
June 30, 2025 and 2024

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Net Asset Presentation***

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

*Net assets without donor restrictions* – consist of resources available for the general support of the School's operations. Net assets without donor restrictions may be used at the discretion of the School's management and/or the Board of Trustees. Board designated net assets were established by the Board of Trustees to provide a cash reserve for unseen operating and capital expenses.

*Net assets with donor restrictions* – represents amounts restricted by donors for specific activities of the School or to be used at a future date. The School records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

#### ***Fair Value Measurements***

The School follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

#### ***Investment Valuation***

Investments are stated at fair value.

#### ***Investment Income Recognition***

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

## PAVE Academy Charter School

Notes to Financial Statements  
June 30, 2025 and 2024

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Restricted Cash***

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.

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the totals of the same such amounts presented in the statements of cash flows at June 30:

	2025	2024
Cash	\$ 2,183,151	\$ 2,939,611
Restricted cash	76,498	76,498
	<u>\$ 2,259,649</u>	<u>\$ 3,016,109</u>

#### ***Property and Equipment***

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$5,000 and a useful life in excess of one year. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods, which are reasonably assured, or the estimated useful life of the asset. Purchased property and equipment are recorded at cost at the date of acquisition. Costs of maintenance and repairs are expensed as incurred. All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case it is expensed as incurred.

Depreciation and amortization is recognized on the straight line method over the estimated useful lives of such assets as follows:

Computers and equipment	3 and 5 years
Furniture and fixtures	7 years
Software	3 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to its fair value. There were no asset impairments for the years ended June 30, 2025 and 2024.

#### ***Revenue and Support***

Revenue from the state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agency. Contribution revenue is recognized when a donor makes a gift to the School or a promise to make a gift to the School which is, in substance, unconditional.

## **PAVE Academy Charter School**

Notes to Financial Statements  
June 30, 2025 and 2024

### **2. Summary of Significant Accounting Policies (*continued*)**

#### ***Revenue and Support (continued)***

Grants and other contributions of cash are reported as net assets with donor restrictions if they are received with donor stipulations. Contributions and grants that are made to support the School's current year activities are recorded as net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. In-kind donations are recorded at the estimated fair value at the date the services and goods are received. Rental income is recognized when received in accordance to the agreement.

#### ***Functional Expense Allocation***

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses such as personnel service costs, other purchased, professional, consulting services, repairs and maintenance and food service have been allocated among program and supporting services classifications on the basis of periodic time and expense studies and other basis as determined by management of the School to be appropriate.

#### ***Marketing and Recruitment***

Marketing and recruitment costs are expensed as incurred for staff and student recruitment. Marketing and recruitment expense for the years ended June 30, 2025 and 2024 was \$174,259 and \$142,313.

#### ***Measure of Operations***

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the School's ongoing services. Non-operating activities consist of the Employee Retention Credit.

#### ***Accounting for Uncertainty in Income Taxes***

The School recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the School had no uncertain tax positions that would require financial statement recognition or disclosure. The School is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2022.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 25, 2025.

## PAVE Academy Charter School

Notes to Financial Statements  
June 30, 2025 and 2024

### 3. Grants and Contracts Receivable

Grants and contracts receivable consist of federal, state, city entitlements and grants. 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.

### 4. Fair Value of Investments

The School's investments consist of the following at June 30,

	2025		
	Level 1	Level 2	Total
Certificates of deposit	\$ -	\$ 3,790,795	\$ 3,790,795
U.S. treasury bonds	1,108,018	-	1,108,018
Corporate bonds	-	1,126,684	1,126,684
	\$ 1,108,018	\$ 4,917,479	\$ 6,025,497

  

	2024		
	Level 1	Level 2	Total
Certificates of deposit	\$ -	\$ 3,620,623	\$ 3,620,623
U.S. treasury bonds	1,053,790	-	1,053,790
Corporate bonds	-	1,058,588	1,058,588
	\$ 1,053,790	\$ 4,679,211	\$ 5,733,001

Interest from investments was \$293,024 and \$277,570 for the years ended June 30, 2025 and 2024, and included in interest and other income in the statements of activities.

### 5. Property and Equipment

Property and equipment, net consists of the following as of June 30,

	2025	2024
Computers and equipment	\$ 1,293,909	\$ 1,060,700
Furniture and fixtures	222,107	215,187
Software	187,206	187,206
Leasehold improvements	286,443	286,443
	1,989,665	1,749,536
Accumulated depreciation and amortization	(1,656,624)	(1,490,889)
	\$ 333,041	\$ 258,647

## PAVE Academy Charter School

Notes to Financial Statements  
June 30, 2025 and 2024

### 6. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statements of financial position date, are comprised of the following at June 30,

	<u>2025</u>	<u>2024</u>
Cash	\$ 2,183,151	\$ 2,939,611
Grants and contracts receivable	347,909	704,600
Due from related party	<u>44,000</u>	<u>33,000</u>
	2,575,060	3,677,211
Less amounts unavailable for general expenditures:		
Net assets with donor restrictions	(152,320)	(139,400)
Board designated net assets	<u>(209,039)</u>	<u>(209,039)</u>
	<u>\$ 2,213,701</u>	<u>\$ 3,328,772</u>

As part of the School's liquidity management plan, the status of grants and contracts receivable is monitored regularly and any excess cash is invested in highly liquid securities. In the event of an unanticipated liquidity need, the School could draw upon investments to cover any temporary shortfall in funding. At June 30, 2025 and 2024, the Board of Trustees has designated \$209,039 of net assets without donor restrictions that could be drawn upon through board resolution and can be made available for facility improvements or repairs. The School will continue to rely on funding received from the New York Department of Education to cover its future operating costs (see note 10).

### 7. Related Party Transactions (not disclosed elsewhere)

The School is related to PAVE Schools, Inc. ("PAVE Schools"), a New York State not-for-profit corporation through common management. PAVE Schools supports the School through financial, fundraising and facility development efforts. There were no significant transactions with PAVE Schools during the years ended June 30, 2025 and 2024. Balance due from PAVE Schools at June 30, 2025 and 2024 was \$44,000 and \$33,000.

On March 13, 2014, the School entered into a sub-sublease agreement with PACS 732 Henry LLC ("PACS 732") (a single member LLC under PAVE Schools, a related party) to occupy a new facility located at 732 Henry Street in Brooklyn, New York. The School pays for all facility expenses, upkeep, and insurance. The sub-sublease agreement will terminate on March 13, 2034. PACS 732's sublease with Civic Builders, a non-profit charter school developer, expires on March 13, 2113 and it is envisioned that the School will continue to periodically renew its sub-sublease agreement with PACS 732. Rent is payable at \$1 per year, pursuant to the Ultimate Prime Lease that PACS 732 has with Civic Builders and the New York City School Construction Authority. On May 21, 2014, the School paid \$20 to PACS 732 as prepayment of its 20 year lease. Title to the facility was transferred to the New York City School Construction Authority upon completion of construction. The School was unable to determine a value for the use of this facility and did not record an amount for donated use of facilities.

## **PAVE Academy Charter School**

Notes to Financial Statements  
June 30, 2025 and 2024

### **8. Employee Benefit Plan**

The School maintains a pension plan qualified under Internal Revenue Code 401(k) for the benefit of its eligible employees. Under the plan, the School provided matching contributions of 2% to the plan. The amount charged to operations for fees and matching contributions to this plan amounted to \$61,260 and \$52,024 for the years ended June 30, 2025 and 2024.

### **9. Concentration of Credit Risk**

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash and cash equivalents on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit of \$250,000. Investments are maintained at a broker which insures the balance up to \$500,000 with Securities Investor Protection Corporation insurance. The School does not believe that a significant risk of loss due to the failure of a financial institution presently exists. As of June 30, 2025 and 2024, approximately \$2,009,000 and \$2,766,000 of cash was maintained with institutions in excess of FDIC limits.

### **10. Concentration of Revenue and Support**

The School receives a substantial portion of its support and revenue from the New York City Department of Education. For the years ended June 30, 2025 and 2024, the School received approximately 85% and 79% of its total revenue and support from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

### **11. Net Assets with Donor Restrictions**

At June 30, 2025 and 2024, net assets with donor restrictions in the amount of \$152,320 and \$139,400 were restricted for a summer school program. For the years ended June 30, 2025 and 2024, net assets with donor restrictions in the amount of \$197,000 and \$210,139 were released from donor restriction for staff salaries and summer program costs.

### **12. Contingency**

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

The School's Employee Retention Credit ("ERC") funds received are subject to audit in the current and future years. As a result, there is at least a reasonable possibility that the ERC funds received, or a portion thereof, may need to be repaid in the future.

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