

**PERSISTENCE PREPARATORY ACADEMY  
CHARTER SCHOOL**

**FINANCIAL STATEMENTS**

**JUNE 30, 2025**

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Persistence Preparatory Academy Charter School

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying balance sheets of Persistence Preparatory Academy Charter School (the School) 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 accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2025 and 2024, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the 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 GAAP, 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 the School's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 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 GAAS 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 the 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 the School's ability to continue as a going concern for a reasonable period of time.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2025 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 the School's internal control over financial reporting and compliance.



October 29, 2025

PERSISTENCE PREPARATORY ACADEMY CHARTER SCHOOL

**Balance Sheets**

June 30,	2025	2024
<b>Assets</b>		
<b>Current assets:</b>		
Cash	\$ 3,806,295	\$ 2,816,558
Receivables (Note 2)	180,614	426,594
Prepaid expenses	195,121	373,140
	<u>4,182,030</u>	<u>3,616,292</u>
Property and equipment, net (Note 3)	8,163,957	8,296,305
Restricted cash	482,104	478,060
	<u>\$ 12,828,091</u>	<u>\$ 12,390,657</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt (Note 5)	\$ 7,080,468	\$ 140,963
Accounts payable	43,815	185,404
Accrued expenses	622,349	479,009
Refundable advances	-	100,000
	<u>7,746,632</u>	<u>905,376</u>
Long-term debt (Note 5)	11,101	7,091,569
<b>Net assets:</b>		
Without donor restrictions	5,060,578	4,371,212
With donor restrictions	9,780	22,500
	<u>5,070,358</u>	<u>4,393,712</u>
	<u>\$ 12,828,091</u>	<u>\$ 12,390,657</u>

PERSISTENCE PREPARATORY ACADEMY CHARTER SCHOOL

**Statements of Activities**

For the years ended June 30,

2025

2024

**Net assets without donor restrictions:**

Support and revenue:

Enrollment fees:

Resident students

\$ 6,311,208 \$ 5,273,447

Resident students with disabilities

572,685 391,473

Contributions:

Federal awards

499,811 881,764

State and other awards

428,555 355,967

Interest income

100,612 67,822

Other income

57,302 20,928

Net assets released from restrictions

22,500 22,005

Total support and revenue

7,992,673 7,013,406

Expenses:

Program services:

Regular education

5,051,984 4,160,222

Special education

390,423 371,177

Other program

585,301 473,321

Supporting services:

Management and general

1,275,599 1,059,103

Total expenses

7,303,307 6,063,823

**Change in net assets without donor restrictions**

689,366 949,583

**Net assets with donor restrictions:**

Contributions - state and other awards

9,780 22,500

Net assets released from restrictions

(22,500) (22,005)

**Change in net assets with donor restrictions**

(12,720) 495

Change in net assets

676,646 950,078

Net assets - beginning

4,393,712 3,443,634

Net assets - ending

\$ 5,070,358 \$ 4,393,712

PERSISTENCE PREPARATORY ACADEMY CHARTER SCHOOL

**Statement of Functional Expenses**

For the year ended June 30, 2025

	Number of Positions	Regular Education	Special Education	Other Program	Management and General	Total
Administrative personnel	6.0	\$ -	\$ -	\$ -	\$ 555,987	\$ 555,987
Instructional personnel	47.1	2,462,087	221,856	-	-	2,683,943
Non-instructional personnel	4.0	-	-	215,248	-	215,248
<b>Total salaries</b>	<b>57.1</b>	<b>\$ 2,462,087</b>	<b>\$ 221,856</b>	<b>\$ 215,248</b>	<b>\$ 555,987</b>	<b>\$ 3,455,178</b>
Salaries		\$ 2,462,087	\$ 221,856	\$ 215,248	\$ 555,987	\$ 3,455,178
Employee benefits and payroll taxes		548,616	49,434	47,962	123,888	769,900
Retirement		228,809	20,619	20,002	51,670	321,100
Afterschool program		-	-	109,170	-	109,170
Classroom supplies and materials		184,806	-	-	-	184,806
Consultants and professional fees		23,471	28,132	-	201,408	253,011
Insurance		-	-	-	69,224	69,224
Interest		308,730	19,296	19,296	38,590	385,912
Occupancy		95,885	5,993	5,993	11,986	119,857
Office expense		-	-	-	64,234	64,234
Other expenses		-	-	-	52,479	52,479
Recruitment		-	-	-	15,950	15,950
Repairs and maintenance		324,520	20,283	20,283	40,565	405,651
Staff development		340,854	-	-	-	340,854
Student services		-	-	122,537	-	122,537
Technology		137,257	-	-	-	137,257
Telephone		31,788	1,987	1,987	3,974	39,736
		4,686,823	367,600	562,478	1,229,955	6,846,856
Depreciation		365,161	22,823	22,823	45,644	456,451
<b>Total</b>		<b>\$ 5,051,984</b>	<b>\$ 390,423</b>	<b>\$ 585,301</b>	<b>\$ 1,275,599</b>	<b>\$ 7,303,307</b>

PERSISTENCE PREPARATORY ACADEMY CHARTER SCHOOL

**Statement of Functional Expenses**

For the year ended June 30, 2024

	Number of Positions	Regular Education	Special Education	Other Program	Management and General	Total
Administrative personnel	5.0	\$ -	\$ -	\$ -	\$ 480,152	\$ 480,152
Instructional personnel	42.0	2,019,746	232,474	-	-	2,252,220
Non-instructional personnel	2.0	-	-	132,550	-	132,550
<b>Total salaries</b>	<b>49.0</b>	<b>\$ 2,019,746</b>	<b>\$ 232,474</b>	<b>\$ 132,550</b>	<b>\$ 480,152</b>	<b>\$ 2,864,922</b>
Salaries		\$ 2,019,746	\$ 232,474	\$ 132,550	\$ 480,152	\$ 2,864,922
Employee benefits and payroll taxes		402,596	46,339	26,421	95,709	571,065
Retirement		176,927	20,364	11,611	42,061	250,963
Afterschool program		-	-	110,695	-	110,695
Classroom supplies and materials		117,550	-	-	-	117,550
Consultants and professional fees		-	5,120	-	166,668	171,788
Insurance		-	-	-	52,960	52,960
Interest		315,464	19,716	19,716	39,433	394,329
Occupancy		75,450	4,716	4,716	9,431	94,313
Office expense		-	-	-	41,456	41,456
Other expenses		-	-	-	27,740	27,740
Recruitment		-	-	-	18,597	18,597
Repairs and maintenance		282,076	17,630	17,630	35,260	352,596
Staff development		234,090	-	-	-	234,090
Student services		-	-	125,164	-	125,164
Technology		139,237	-	-	-	139,237
Telephone		27,343	1,709	1,709	3,418	34,179
		<u>3,790,479</u>	<u>348,068</u>	<u>450,212</u>	<u>1,012,885</u>	<u>5,601,644</u>
Depreciation		369,743	23,109	23,109	46,218	462,179
<b>Total</b>		<b>\$ 4,160,222</b>	<b>\$ 371,177</b>	<b>\$ 473,321</b>	<b>\$ 1,059,103</b>	<b>\$ 6,063,823</b>

PERSISTENCE PREPARATORY ACADEMY CHARTER SCHOOL

**Statements of Cash Flows**

For the years ended June 30,	2025	2024
<b>Operating activities:</b>		
Cash received from enrollment fees	\$ 6,843,623	\$ 5,681,055
Cash received from contributions	1,124,396	1,742,343
Interest received	100,612	67,822
Cash received from other sources	57,302	20,928
Payments to employees for services and benefits	(4,402,838)	(3,568,157)
Payments to vendors and suppliers	(1,734,705)	(1,751,208)
Interest paid	(385,912)	(394,329)
<b>Net operating activities</b>	<b>1,602,478</b>	<b>1,798,454</b>
<b>Investing activities:</b>		
Property and equipment expenditures	(467,734)	(173,303)
<b>Financing activities:</b>		
Proceeds from issuance of long-term debt	-	25,617
Principal payments on long-term debt	(140,963)	(133,414)
<b>Net financing activities</b>	<b>(140,963)</b>	<b>(107,797)</b>
<b>Net change in cash and restricted cash</b>	<b>993,781</b>	<b>1,517,354</b>
Cash and restricted cash - beginning	3,294,618	1,777,264
<b>Cash and restricted cash - ending</b>	<b>\$ 4,288,399</b>	<b>\$ 3,294,618</b>

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies:

#### Organization and Purpose:

Persistence Preparatory Academy Charter School (the School) operates a charter school in the City of Buffalo, New York (the City) pursuant to its charter agreement with the Board of Regents of the University of the State of New York. The School offered classes from kindergarten through seventh grade in 2025 and added eighth grade in the fall of 2026. The School is chartered through July 2028, after which time the charter may be renewed, upon application.

#### Subsequent Events:

Management has evaluated events and transactions for potential recognition or disclosure through October 29, 2025, the date the financial statements were available to be issued.

#### Cash:

Cash in financial institutions potentially subjects the School to concentrations of credit risk since it may exceed insured limits at various times throughout the year. The School complies with a requirement to hold no less than \$75,000 in an escrow account to pay legal and audit expenses that would be associated with dissolution should it occur. This is included as restricted cash on the balance sheets as of June 30, 2025 and 2024.

At June 30, 2025, the School maintains \$407,104 (\$403,060 at June 30, 2024) in cash restricted by various debt agreements.

#### Property and Equipment:

Property and equipment is stated at cost net of accumulated depreciation. Depreciation is provided using the straight-line method over estimated useful asset lives. Maintenance and repairs are charged to operations as incurred; significant improvements are capitalized.

#### Net Assets:

The School's financial position and activities are reported according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are those whose use has been limited by donors for a specific time period or purpose. Net assets with donor restrictions at June 30, 2025 and 2024 are restricted for specific program and student support.

#### Revenue Recognition:

##### *Enrollment Fees*

Enrollment fees are received from the public school district where a student resides. The amount received each year from the resident district is generally the product of the approved operating expense per pupil and the full time equivalent enrollment of the students in the School residing in that district. The respective districts also reimburse the School for special education service based on approved applicable rates for the services provided. Revenues are recognized over the period the services are provided. The School generally invoices the resident district bimonthly and payment is due in 30 days. Enrollment fees received in advance are deferred and recognized when earned. The School's enrollment fees are received primarily from the City School District.

The School reconciles enrollment with the district of residence. As part of this reconciliation process and in the ordinary course of business, reviews and collaboration with the district may arise that require return of funds. Management believes a loss, if any, will not have a material effect on the financial position or operations of the School.

##### *Contributions*

Unconditional contributions are reported at fair value at the date the pledge or award is received. Unconditional contributions are recorded as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Unconditional contributions received with donor-imposed restrictions that are met in the same reporting period are shown as support without donor restrictions.

Conditional contributions, primarily government awards, are recorded as revenue when the School meets requirements in compliance with specific agreements. Amounts received before the required conditions are met are reported as refundable advances on the accompanying balance sheets. These conditional contributions are subject to compliance and financial audits by the funding sources. Management believes no significant adjustments are necessary to recognized amounts.

### Receivables

Receivables are stated at the amounts management expects to collect from outstanding balances. Management provides for estimated credit losses through a charge to expense and a credit to allowance for estimated credit losses based upon a review of outstanding receivables, historical trends, and forecasted economic conditions. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. An allowance for estimated credit losses is considered unnecessary by management as of June 30, 2025 and 2024.

### Income Taxes:

The School is a 501(c)(3) corporation exempt from taxation under §501(a) of the Internal Revenue Code.

### Transportation and Other Services:

The City School District provides the School with certain transportation, consulting, and food services at no charge. The value of these services has not been recorded in the accompanying financial statements.

### Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### Functional Expense Allocation:

The School's costs of providing its various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These costs include salaries, employee benefits, and payroll taxes, which are allocated based on estimates of time and effort, and occupancy, repairs and maintenance, depreciation, and interest which are allocated based on management's estimate of program benefit.

### 2. Receivables:

	2025	2024
Contributions	\$ 103,072	\$ 389,322
Enrollment fees and other	77,542	37,272
	<u>\$ 180,614</u>	<u>\$ 426,594</u>

### 3. Property and Equipment:

	2025	2024
Land	\$ 38,095	\$ 31,500
Building improvements	394,977	132,697
Building	8,619,684	8,619,684
Instructional and office equipment	799,506	634,633
Construction in progress	35,186	144,831
	<u>9,887,448</u>	<u>9,563,345</u>
Less accumulated depreciation	1,723,491	1,267,040
	<u>\$ 8,163,957</u>	<u>\$ 8,296,305</u>

Construction in progress at June 30, 2025 represents building renovations which are expected to be completed in 2025 at an estimated cost of approximately \$110,000. Construction in progress at June 30, 2024 represents roof renovations and replacement which was completed in August 2024 at a total cost of approximately \$245,000.

### 4. Short-Term Borrowings:

The School has available a \$400,000 bank demand line of credit for working capital secured by essentially all assets of the School with interest payable at prime plus 0.5%. The line is subject to the usual terms and conditions applied by the bank for working capital financing and is annually reviewed and renewed. There were no borrowings on the line of credit at June 30, 2025 and 2024.

### 5. Long-Term Debt:

	2025	2024
Bank promissory note, monthly installments of \$43,479 including interest at 4.7%, estimated balloon payment of \$6,988,000 due December 2025, secured by School property and equipment. The School is currently in the process of refinancing the note payable on an extended term basis before the maturity date.	\$ 7,099,120	\$ 7,282,512
Equipment loans, varying monthly installments and interest rates, secured by related equipment, due through August 2028.	16,226	21,348
	<u>7,115,346</u>	<u>7,303,860</u>
Less unamortized debt issuance costs	23,777	71,328
	<u>7,091,569</u>	<u>7,232,532</u>
Less current portion	7,080,468	140,963
	<u>\$ 11,101</u>	<u>\$ 7,091,569</u>

Debt issuance costs are amortized as interest expense over the term of the bank promissory loan. Amortization expense of debt issuance costs for each of the years ended June 30, 2025 and 2024 was \$47,551.

Aggregate maturities of net long-term debt balances subsequent to June 30, 2025 are:

2026	<b>\$ 7,080,468</b>
2027	<b>5,123</b>
2028	<b>5,123</b>
2029	<b>855</b>
	<b><u>\$ 7,091,569</u></b>

The bank debt agreements contain restrictive covenants relative to debt service coverage, liquid assets levels, and net assets levels.

**6. Retirement Plans:**

The School began participates in the New York State Teachers’ Retirement System (TRS) which is a cost-sharing multiple employer public employee retirement system. TRS offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

TRS is administered by the New York State Teachers’ Retirement Board and provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from TRS at [www.nystrs.org](http://www.nystrs.org).

No employee contribution is required for those whose service began prior to July 1976. TRS requires employee contributions of 3% of salary for the first 10 years of service for those employees who joined from July 1976 through December 2009. Participants whose service began on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% of compensation throughout their active membership in TRS. Participants whose service began on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation.

Pursuant to Article 11 of Education Law, rates are established annually for TRS by the New York State Teachers’ Retirement Board at an actuarially determined rate. The rate is 10.11% of the annual covered payroll for the year ended June 30, 2025, and 9.76% for the year ended June 30, 2024. The School’s required contribution for the years ended June 30, 2025 and 2024 were \$321,100 and \$245,637.

The School also participates in a 401(k) retirement plan covering essentially all employees. The School may contribute up to 6% of employees’ salaries who participate in the plan and are not otherwise eligible to participate in TRS, subject to certain limitations. The School’s contribution to the plan was \$5,326 for the year ended June 30, 2024. There were no contributions to the plan by the School for the year ended June 30, 2025.

**7. Cash Flows:**

Property and equipment expenditures included in accounts payable as of June 30, 2024 were \$143,631 and are excluded from the 2024 statement of cash flows.

**8. Financial Assets Available for Operating Purposes:**

The School obtains financial assets generally through enrollment fees and contributions. The financial assets are acquired throughout the year to help meet the School’s cash needs for general expenditures. If necessary, the School also has access to a \$400,000 bank demand line of credit (Note 4).

The School’s financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Cash available for operations	<b>\$ 3,806,295</b>	\$ 2,816,558
Receivables	<b>180,614</b>	426,594
	<b><u>3,986,909</u></b>	<u>3,243,152</u>
Less net assets restricted by donors	<b>9,780</b>	22,500
	<b><u>\$ 3,977,129</u></b>	<u>\$ 3,220,652</u>

**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***

The Board of Trustees  
Persistence Preparatory Academy Charter School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Persistence Preparatory Academy Charter School (the School), which comprise the balance sheet as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 29, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

**Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Symaden & McCormick, LLP*

October 29, 2025