

ROCHESTER ACADEMY OF
SCIENCE CHARTER SCHOOL

Financial Statements

June 30, 2025 and 2024

(With Independent Auditors' Report Thereon)

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Rochester Academy of Science Charter School
Rochester, New York:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Rochester Academy of Science Charter School (a nonprofit organization) (the School), 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 financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rochester Academy of Science 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 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 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 the 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 audits.
- 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 audits 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 audits.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 22, 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, 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 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 22, 2025

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL
Statements of Financial Position
June 30, 2025 and 2024

<u>Assets</u>	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and equivalents - unrestricted	\$ 1,489,465	655,975
Grants and other receivables	97,417	567,565
Prepaid expenses	<u>50,000</u>	<u>38,004</u>
Total current assets	<u>1,636,882</u>	<u>1,261,544</u>
Property and equipment, at cost	783,913	653,648
Less accumulated depreciation and amortization	<u>(281,088)</u>	<u>(138,679)</u>
Net property and equipment	<u>502,825</u>	<u>514,969</u>
Right-of-use assets, net	5,021,473	5,132,459
Other assets:		
Cash and equivalents - board designated	81,358	55,316
Security deposit	<u>25,000</u>	<u>-</u>
Total other assets	<u>106,358</u>	<u>55,316</u>
Total assets	<u>\$ 7,267,538</u>	<u>6,964,288</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	30,329	44,441
Accrued payroll and benefits	380,762	279,861
Deferred revenue	91,068	-
Due to related entities	110,256	335,409
Current installments of lease liabilities	<u>326,688</u>	<u>326,688</u>
Total current liabilities	939,103	986,399
Long-term liability - lease liabilities, net of current installments	<u>5,071,869</u>	<u>5,074,523</u>
Total liabilities	<u>6,010,972</u>	<u>6,060,922</u>
Net assets without donor restrictions:		
General operating	1,175,208	848,050
Board designated	<u>81,358</u>	<u>55,316</u>
Total net assets without donor restrictions	<u>1,256,566</u>	<u>903,366</u>
Total liabilities and net assets	<u>\$ 7,267,538</u>	<u>6,964,288</u>

See accompanying notes to financial statements.

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL
 Statements of Activities
 Years ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenue:		
Public school districts:		
Resident student enrollment	\$ 5,289,765	3,511,237
Students with disabilities	311,425	121,550
Grants and contracts:		
Federal grants	270,208	466,301
State and local grants	415,000	430,000
Other income	<u>17,654</u>	<u>28,971</u>
Total revenue	<u>6,304,052</u>	<u>4,558,059</u>
Expenses:		
Program services:		
Regular education	3,922,399	2,556,407
Special education	488,006	257,215
Other programs	<u>362,437</u>	<u>362,295</u>
Total program services	4,772,842	3,175,917
Supporting services - management and general	<u>1,178,010</u>	<u>791,272</u>
Total expenses	<u>5,950,852</u>	<u>3,967,189</u>
Change in net assets	353,200	590,870
Net assets at beginning of year	<u>903,366</u>	<u>312,496</u>
Net assets at end of year	<u>\$ 1,256,566</u>	<u>903,366</u>

See accompanying notes to financial statements.

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL
Statement of Functional Expenses
Year ended June 30, 2025
with comparative totals for 2024

	No. of positions	Program Services				Supporting Services	Total	
		Regular education	Special education	Other programs	Total	Management and general	2025	2024
Personnel services costs:								
Instructional personnel	41	\$ 1,707,816	297,089	148,542	2,153,447	-	2,153,447	1,407,411
Non-instructional personnel	11	-	-	30,012	30,012	525,288	555,300	481,764
Total salaries and staff	52	1,707,816	297,089	178,554	2,183,459	525,288	2,708,747	1,889,175
Fringe benefits and payroll taxes		433,017	75,340	45,259	553,616	133,167	686,783	363,798
Retirement		169,935	29,567	17,762	217,264	52,261	269,525	160,300
Professional fees		-	-	-	-	254,485	254,485	134,966
Repairs and maintenance		254,050	15,878	15,878	285,806	31,755	317,561	262,896
Insurance		55,585	3,474	3,474	62,533	6,948	69,481	42,849
Utilities		48,363	3,023	3,023	54,409	6,045	60,454	57,129
Supplies and materials		184,051	-	-	184,051	-	184,051	139,016
Staff development		16,154	1,010	1,010	18,174	2,019	20,193	17,391
Advertising		13,216	826	826	14,868	1,652	16,520	11,049
Telephone and internet		2,883	180	180	3,243	360	3,603	13,378
Technology		28,161	1,760	1,760	31,681	3,521	35,202	64,348
Student services		34,943	-	-	34,943	-	34,943	11,194
Office expense		-	-	-	-	40,795	40,795	30,516
Depreciation and amortization		202,716	12,670	12,670	228,056	25,339	253,395	198,141
Shared services		449,163	28,073	28,073	505,309	56,145	561,454	131,107
Interest		259,227	16,202	16,202	291,631	32,403	324,034	323,926
Enrichment program		-	-	34,852	34,852	-	34,852	24,922
Student testing and assessment		16,505	-	-	16,505	-	16,505	11,622
Other expenses		46,614	2,914	2,914	52,442	5,827	58,269	79,466
Total expenses		\$ 3,922,399	488,006	362,437	4,772,842	1,178,010	5,950,852	3,967,189

See accompanying notes to financial statements.

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL
Statement of Functional Expenses
Year ended June 30, 2024

	No. of <u>positions</u>	Program Services				Supporting Services	
		<u>Regular education</u>	<u>Special education</u>	<u>Other programs</u>	<u>Total</u>	<u>Management and general</u>	<u>Total</u>
Personnel services costs:							
Instructional personnel	30	\$ 1,121,968	154,314	131,129	1,407,411	-	1,407,411
Non-instructional personnel	<u>7</u>	<u>-</u>	<u>-</u>	<u>85,944</u>	<u>85,944</u>	<u>395,820</u>	<u>481,764</u>
Total salaries and staff	<u><u>37</u></u>	<u>1,121,968</u>	<u>154,314</u>	<u>217,073</u>	<u>1,493,355</u>	<u>395,820</u>	<u>1,889,175</u>
Fringe benefits and payroll taxes		216,060	29,722	41,800	287,582	76,216	363,798
Retirement		95,202	13,097	18,418	126,717	33,583	160,300
Professional fees		-	-	-	-	134,966	134,966
Repairs and maintenance		210,317	13,145	13,145	236,607	26,289	262,896
Insurance		34,280	2,142	2,142	38,564	4,285	42,849
Utilities		45,704	2,856	2,856	51,416	5,713	57,129
Supplies and materials		139,016	-	-	139,016	-	139,016
Staff development		13,912	870	870	15,652	1,739	17,391
Advertising		8,840	552	552	9,944	1,105	11,049
Telephone and internet		10,702	669	669	12,040	1,338	13,378
Technology		51,478	3,217	3,217	57,912	6,436	64,348
Student services		11,194	-	-	11,194	-	11,194
Office expense		-	-	-	-	30,516	30,516
Depreciation and amortization		158,512	9,907	9,907	178,326	19,815	198,141
Shared services		104,886	6,555	6,555	117,996	13,111	131,107
Interest		259,141	16,196	16,196	291,533	32,393	323,926
Enrichment program		-	-	24,922	24,922	-	24,922
Student testing and assessment		11,622	-	-	11,622	-	11,622
Other expenses		<u>63,573</u>	<u>3,973</u>	<u>3,973</u>	<u>71,519</u>	<u>7,947</u>	<u>79,466</u>
Total expenses		<u><u>\$ 2,556,407</u></u>	<u><u>257,215</u></u>	<u><u>362,295</u></u>	<u><u>3,175,917</u></u>	<u><u>791,272</u></u>	<u><u>3,967,189</u></u>

See accompanying notes to financial statements.

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL
Statements of Cash Flows
Years ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 353,200	590,870
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	253,395	198,141
Changes in:		
Grants and other receivables	470,148	(506,659)
Prepaid expenses	(11,996)	(32,823)
Accounts payable	(14,112)	(34,262)
Accrued payroll and benefits	100,901	126,218
Deferred revenue	91,068	-
Due to related entities	<u>(225,153)</u>	<u>(239,510)</u>
Net cash provided by operating activities	<u>1,017,451</u>	<u>101,975</u>
Cash flows from investing activities:		
Purchases of property and equipment	(130,265)	(83,123)
Security deposit	<u>(25,000)</u>	<u>-</u>
Net cash used in investing activities	<u>(155,265)</u>	<u>(83,123)</u>
Cash flows from financing activities - change in lease liabilities	<u>(2,654)</u>	<u>17,338</u>
Net change in cash and equivalents	859,532	36,190
Cash and equivalents at beginning of year	<u>711,291</u>	<u>675,101</u>
Cash and equivalents at end of year	<u>\$ 1,570,823</u>	<u>711,291</u>
Supplemental disclosure of cash flow information:		
Cash paid for amounts included in measurement of lease liabilities - finance lease interest payments	<u>\$ 326,688</u>	<u>306,588</u>
Classifications of cash and equivalents:		
Unrestricted	1,489,465	655,975
Board designated	<u>81,358</u>	<u>55,316</u>
	<u>\$ 1,570,823</u>	<u>711,291</u>

See accompanying notes to financial statements.

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL

Notes to Financial Statements

June 30, 2025 and 2024

(1) Organization and Purpose

Rochester Academy of Science Charter School (the School) is a not-for-profit education corporation that operates kindergarten through 12th grades and is dedicated to providing quality education to a diverse body of students in the Rochester region of New York State. The School continually provides a rigorous, innovative and enhanced curriculum - highlighting science, technology, engineering and math (STEM) - in order to prepare students for successful futures in the global environment.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(b) Basis of Presentation

The School reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represents resources available for the general support of the School's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the School. At June 30, 2025 and 2024, the School only had net assets without donor restrictions.

(c) 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(d) Cash and Equivalents

For purposes of reporting cash flows, the School considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash and equivalents.

(e) Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of cash accounts in financial institutions. The School maintains cash at financial institutions which periodically may exceed federally insured limits. At June 30, 2025 and 2024, the School had \$1,320,823 and \$461,291, respectively, in excess of the federally insured limits.

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(f) Capitalization and Depreciation

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated property and equipment. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of activities. Capitalization thresholds and estimated useful lives of property and equipment are as follows:

	<u>Cost</u>	<u>Years</u>
Leasehold improvements	\$5,000	10 - 20
Furniture and fixtures	2,000	3 - 5
Equipment	2,000	3 - 5

Furniture, fixtures and equipment purchased as a bundle greater than \$20,000 will also be capitalized and depreciated using the straight-line method over their estimated useful lives.

(g) Public School District Revenue

The School receives per pupil aid passed through from each student’s home public school district. The New York State Department of Education mandates the rate per pupil. The regular education per pupil rate from Rochester City School District, the district from which the School receives its largest pass through of district revenue, was \$14,088 and \$14,316 for the years ended June 30, 2025 and 2024, respectively.

(h) Receivables and Credit Losses

The School’s accounts receivable are primarily derived from tuition revenue. At each statement of financial position date, the School recognizes an expected allowance for credit losses. This estimate is calculated on a pooled basis where similar characteristics exist and individually when there are no shared characteristics.

The allowance method is derived from a review of the School’s historical losses based on an aging of receivables. Historical losses have been consistent. This estimate is adjusted for management's assessment of current conditions, forecasts of future events, and other factors deemed relevant risk factors. As a result, management has determined that the allowance for credit losses is adequate.

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(h) Receivables and Bad Debts, Continued

The School writes off receivables when there is information that indicates that there is no possibility of collection. If any recoveries are made from any accounts receivable previously written off, they will be recognized in revenue. There were no write-offs for the years ended June 30, 2025 and 2024.

Additionally, the School has receivables related to grants and contracts in which they recognize and expected allowance for credit losses based on similar methodology. At June 30, 2025 and 2024, management has determined that no allowance for credit losses was deemed necessary.

(i) Revenue Recognition

Under Accounting Standards Update (ASU) No. 2014-09 (Topic 606) - Revenue from Contracts with Customers, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the School expects to be entitled in exchange for these goods or services. The School utilizes a five-step framework as identified in ASU No. 2014-09. The primary sources of revenue from contracts with customers for the School are as follows:

Tuition and Fees

Tuition and fees revenue from public school districts are recognized over the period that services are provided.

Tuition and fees are generally nonrefundable, billed monthly and payment is typically due within 30 days of invoice. Amounts billed or received in advance are deferred and recognized when earned.

Tuition and fees receivables and timing of revenue recognition are as follows:

		<u>Accounts Receivable</u>	<u>Revenue Recognized</u>
2025	\$	<u>71,931</u>	<u>5,601,190</u>
2024	\$	<u>149,220</u>	<u>3,632,787</u>
2023	\$	<u>9,296</u>	<u>1,079,696</u>

Grants and Contacts

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the statements of financial position as deferred revenue.

(j) Advertising and Recruitment

The School uses advertising to promote recruitment and its program activities. These costs are expensed as incurred and amounted to \$16,520 and \$11,049 for the years ended June 30, 2025 and 2024, respectively.

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(k) Income Taxes

The School is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The School has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The School presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the School has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the School are subject to examination by taxing authorities.

(l) Subsequent Events

The School has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

Effective July 1, 2025, the School entered into a lease agreement with Bishop Kearney High School of Rochester, New York, for the property located at 125 Kings Highway South, in Rochester, New York. This lease has a one-year term through June 30, 2026, and requires a total annual rent payment of \$350,000, payable with (i) and initial payment of \$50,000 upon execution of the lease, and (ii) twelve consecutive monthly payments of \$25,000.

(m) Reclassifications

Reclassifications have been made to certain 2024 balances in order to conform them to the 2025 presentation.

(3) Liquidity

The School has \$1,586,882 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$1,489,465 of cash and equivalents and \$97,417 of grants and other receivables. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2025 statement of financial position date. As more fully described in note 6, the School also maintains an escrow account with a balance of \$76,920 at June 30, 2025.

(4) Grants and Other Receivables

Grants and other receivables at June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
School district tuition	\$ 71,931	149,220
U.S. Department of Education	25,486	417,569
Other receivables	—	776
	<u>\$ 97,417</u>	<u>567,565</u>

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL
Notes to Financial Statements, Continued

(5) Property and Equipment

Property and equipment at June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Leasehold improvements	\$ 33,253	33,253
Furniture and fixtures	401,728	271,463
Equipment	<u>348,932</u>	<u>348,932</u>
	783,913	653,648
Less accumulated depreciation and amortization	<u>(281,088)</u>	<u>(138,679)</u>
Net property and equipment	\$ <u>502,825</u>	<u>514,969</u>

(6) Escrow Accounts

As set forth in its charter, the School established an escrow account to be used upon school closure. The balance in the escrow account was \$76,920 and \$50,316 at June 30, 2025 and 2024, respectively, and is included with cash and equivalents - board designated in the accompanying statements of financial position.

(7) Related Entity Receivables and Payables

The School typically loans resources between related entities for purposes of providing cash flows. These transactions are typically repaid within one year and are non-interest bearing. Amounts due to related entities at June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Buffalo Academy of Science Charter School	\$ (145,105)	(43,035)
Buffalo/Rochester Academy of Science Schools Foundation	<u>34,849</u>	<u>(292,374)</u>
	\$ <u>(110,256)</u>	<u>(335,409)</u>

(8) Right-of-Use Assets - Lease Liabilities

The School leases its school building under a financing lease and has elected the practical expedient not to separate lease and non lease components for all lease transactions. The lease provides for monthly payments of \$20,524 through September 30, 2023, \$27,224 through September 30, 2027, \$27,360 through September 30, 2028, and \$27,497 through September 30, 2029, with further increases thereafter. The lease assets and liabilities were calculated using the School's risk-free discount rate of 6.0%. Additional information about the School's lease arrangement are as follows at June 30, 2025 and 2024:

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL
Notes to Financial Statements, Continued

(8) Right-of-Use Assets - Lease Liabilities, Continued

	<u>2025</u>	<u>2024</u>
Finance lease:		
Interest expense:		
Program services	\$ 291,631	291,533
Management and general	<u>32,403</u>	<u>32,393</u>
	<u>324,034</u>	<u>323,926</u>
Amortization expense:		
Program services	99,887	99,887
Management and general	<u>11,099</u>	<u>11,099</u>
	<u>110,986</u>	<u>110,986</u>
Total lease expense	\$ <u>435,020</u>	<u>434,912</u>
Weighted average:		
Remaining lease term	543 months	555 months
Discount rate	6.0%	6.0%
Lease liabilities at June 30, 2025 and 2024:		
Finance lease:		
Current installments	\$ 326,688	326,688
Noncurrent installments	<u>5,071,869</u>	<u>5,074,523</u>
Total lease liabilities	\$ <u>5,398,557</u>	<u>5,401,211</u>

The maturity of the lease payments under ASC 842 for the five years following June 30, 2025 and thereafter is as follows:

2026	\$ 326,688
2027	326,688
2028	327,912
2029	329,553
2030	331,197
Thereafter	<u>14,798,400</u>
	16,440,438
Less unamortized discount	<u>(11,041,881)</u>
Total lease liabilities	\$ <u>5,398,557</u>

The finance lease arrangement between the School and BRASS Foundation requires payments over the lease term that escalate from \$20,524 per month in 2023 to \$33,736 in 2070. The lower monthly payments at the beginning of the lease have resulted in the lease accruing interest in excess of the monthly payment. Accordingly, unpaid accrued interest in the amount of \$17,338 has been added to the lease liability at June 30, 2024.

ROCHESTER ACADEMY OF SCIENCE CHARTER SCHOOL
Notes to Financial Statements, Continued

(9) Pension Expense

The School participates in the New York State Teachers' Retirement System (the System), a cost-sharing, multiple-employer, defined benefit pension plan administered by the New York State Teacher's Retirement Board. The System provides retirement, disability, withdrawal and death 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.

Plan members who joined the System before July 27, 1976 are not required to make contributions. Those joining after that date and before January 1, 2010, who have less than ten years of service or membership are required to contribute 3% of their annual salary. Those joining the System on or after January 1, 2010 are required to contribute 3.5% of their annual salary throughout their active membership. Those joining on or after April 1, 2012 are required to contribute 3% and 6%, dependent upon their salary for their entire working career.

Employers are required to contribute at an actuarially determined rate. Rates applicable to the fiscal years ended June 30, 2025 and 2024 were 10.11% and 9.76%, respectively. The total retirement contribution expense amounted to \$269,525 and \$160,300 for the years ended June 30, 2025 and 2024, respectively.

(10) Concentration of Credit Risk

The School receives a substantial portion of its funding from school districts where students reside. One school district comprised approximately 80% and 75% of total revenue and support for the years ended June 30, 2025 and 2024, respectively.

(11) Contingency

The School has received grants which are subject to audit by agencies of the State and Federal government. Such audits may result in disallowances and a request for a return of funds. Based on prior experience, the School's administration believes that disallowances, if any, will be immaterial.

(12) Functional Expenses

The School is dedicated to providing quality education to a diverse body of students in the Rochester region of New York State. The financial statements report certain categories of expenses that are attributed to both program and supporting functions. Therefore, allocation on a reasonable basis that is consistently applied is required. The expenses that are allocated include utilities, repairs and maintenance, insurance and depreciation. Other expenses such as salaries and wages, benefits, payroll taxes, other purchased services, student services, supplies, office expenses and other expenses, which are allocated on the basis of estimates of time and effort for each category.

**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
Rochester Academy of Science Charter School
Rochester, New York:

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 Rochester Academy of Science Charter School (a nonprofit organization) (the School), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated October 22, 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 School'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 were not 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 22, 2025