

**ROOSEVELT CHILDREN'S ACADEMY  
CHARTER SCHOOL, INC.**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2025 AND 2024**

## TABLE OF CONTENTS

|  | <u>Page</u> |
|--|-------------|
| INDEPENDENT AUDITORS' REPORT   | 1-3         |
| FINANCIAL STATEMENTS   |             |
| Statements of Financial Position   | 4           |
| Statements of Activities and Changes in Net Assets   | 5           |
| Statement of Functional Expenses for the year ended June 30, 2025  | 6           |
| Statement of Functional Expenses for the year ended June 30, 2024  | 7           |
| Statements of Cash Flows   | 8           |
| Notes to Financial Statements  | 9-23        |
| SUPPLEMENTAL INFORMATION   |             |
| Independent Auditors' Report on Internal Control Over Financial Reporting<br>and on Compliance and Other Matters Based on an Audit of Financial<br>Statements Performed in Accordance with Government Auditing Standards | 24-25       |



## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Roosevelt Children's Academy Charter School, Inc.

### Opinion

We have audited the accompanying financial statements of Roosevelt Children's Academy Charter School, Inc. (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 and changes in net assets, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Roosevelt Children's Academy Charter School, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Roosevelt Children's Academy Charter School, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

7600 Jericho Turnpike, Suite 400  
Woodbury, NY 11797  
P: 516-802-0100 • F: 516-364-9600

462 Seventh Ave, 16<sup>th</sup> Fl  
New York, NY 10018  
P: 212-279-8430 • F: 212-279-8462

399 Knollwood Rd Suite 311  
White Plains, NY 10603  
P: 914-997-5180 • F: 914-997-5183

12 West 32<sup>nd</sup> Street, 10<sup>th</sup> Fl  
New York, NY 10001  
P: 212-563-2525 • F: 212-563-3549

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards 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 Roosevelt Children's Academy Charter School, Inc.'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 Roosevelt Children's Academy Charter School, Inc.'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 28, 2025, on our consideration of Roosevelt Children's Academy Charter School, Inc.'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 Roosevelt Children's Academy Charter School, Inc.'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 Roosevelt Children's Academy Charter School, Inc.'s internal control over financial reporting and compliance.

Woodbury, New York  
October 28, 2025

ROOSEVELT CHILDREN'S ACADEMY  
 CHARTER SCHOOL, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30,

|   | 2025                  | 2024                 |
|---|-----------------------|----------------------|
| <b>ASSETS</b>   |                       |                      |
| <b>CURRENT ASSETS</b>   |                       |                      |
| Cash and cash equivalents   | \$ 2,178,394          | \$ 3,131,690         |
| Grants and contracts receivable   | 3,317,582             | 2,559,138            |
| Short-term investments  | 4,630,440             | 11,338,632           |
| Prepaid expenses  | 266,102               | 204,242              |
| <b>TOTAL CURRENT ASSETS</b>   | <b>10,392,518</b>     | <b>17,233,702</b>    |
| <b>PROPERTY AND EQUIPMENT</b>   |                       |                      |
| At cost, less accumulated depreciation and amortization of<br>\$900,298 in 2025 and \$947,854 in 2024 | 6,043,161             | 821,260              |
| <b>NON CURRENT ASSETS</b>   |                       |                      |
| Restricted cash   | 75,633                | 75,558               |
| Due from Friends of RCA   | 2,397,266             | 991,502              |
| Security deposits   | 30,371                | 30,371               |
| Right of use asset  | 111,310,925           | 26,905,263           |
| <b>TOTAL NONCURRENT ASSETS</b>  | <b>113,814,195</b>    | <b>28,002,694</b>    |
| <b>TOTAL ASSETS</b>   | <b>\$ 130,249,874</b> | <b>\$ 46,057,656</b> |
| <b>LIABILITIES AND NET ASSETS</b>   |                       |                      |
| <b>CURRENT LIABILITIES</b>  |                       |                      |
| Accounts payable and accrued expenses   | \$ 700,914            | \$ 688,937           |
| Advance billing   | 2,420,476             | 2,290,989            |
| <b>TOTAL CURRENT LIABILITIES</b>  | <b>3,121,390</b>      | <b>2,979,926</b>     |
| <b>OTHER LIABILITIES</b>  |                       |                      |
| Lease liability   | 113,969,544           | 27,973,786           |
| <b>TOTAL OTHER LIABILITIES</b>  | <b>113,969,544</b>    | <b>27,973,786</b>    |
| <b>TOTAL LIABILITIES</b>  | <b>117,090,934</b>    | <b>30,953,712</b>    |
| <b>COMMITMENTS AND CONTINGENCIES</b>  |                       |                      |
| <b>NET ASSETS</b>   |                       |                      |
| Without donor restrictions  | 12,969,637            | 14,923,204           |
| With donor restrictions   | 189,303               | 180,740              |
| <b>TOTAL NET ASSETS</b>   | <b>13,158,940</b>     | <b>15,103,944</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>   | <b>\$ 130,249,874</b> | <b>\$ 46,057,656</b> |

See accompanying notes to financial statements.

ROOSEVELT CHILDREN'S ACADEMY  
 CHARTER SCHOOL, INC.  
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
 YEARS ENDED JUNE 30,

|   | 2025                          |                            |                      | 2024                          |                            |                      |
|---|-------------------------------|----------------------------|----------------------|-------------------------------|----------------------------|----------------------|
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                |
| <b>Revenue, gains and other support</b>   |                               |                            |                      |                               |                            |                      |
| Public School District  |                               |                            |                      |                               |                            |                      |
| Resident student enrollment   | \$ 14,397,830                 | \$ -                       | \$ 14,397,830        | \$ 14,711,599                 | \$ -                       | \$ 14,711,599        |
| Federal grants and contracts  | 525,505                       | -                          | 525,505              | 1,037,616                     | -                          | 1,037,616            |
| State grants and contracts  | 13,497                        | -                          | 13,497               | 14,474                        | -                          | 14,474               |
| Investment return, net  | 144,146                       | -                          | 144,146              | 327,499                       | -                          | 327,499              |
| Other   | 290,706                       | 27,432                     | 318,138              | 184,966                       | 49,337                     | 234,303              |
| Net assets released from restrictions   | <u>18,869</u>                 | <u>(18,869)</u>            | <u>-</u>             | <u>45,914</u>                 | <u>(45,914)</u>            | <u>-</u>             |
| Total revenues and other support  | <u>15,390,553</u>             | <u>8,563</u>               | <u>15,399,116</u>    | <u>16,322,068</u>             | <u>3,423</u>               | <u>16,325,491</u>    |
| <b>Expenses and losses</b>  |                               |                            |                      |                               |                            |                      |
| Regular education   | 13,146,411                    | -                          | 13,146,411           | 12,405,714                    | -                          | 12,405,714           |
| Special education   | 2,594,204                     | -                          | 2,594,204            | 2,372,554                     | -                          | 2,372,554            |
| Management and general  | 1,584,636                     | -                          | 1,584,636            | 1,561,349                     | -                          | 1,561,349            |
| Fundraising and special events  | <u>18,869</u>                 | <u>-</u>                   | <u>18,869</u>        | <u>45,914</u>                 | <u>-</u>                   | <u>45,914</u>        |
| Total Expenses  | <u>17,344,120</u>             | <u>-</u>                   | <u>17,344,120</u>    | <u>16,385,531</u>             | <u>-</u>                   | <u>16,385,531</u>    |
| Transfer out of land, buildings, building<br>improvements and construction in progress to<br>friends of RCA | -                             | -                          | -                    | 10,299,599                    | -                          | 10,299,599           |
| Loss on disposal of fixed assets  | <u>-</u>                      | <u>-</u>                   | <u>-</u>             | <u>2,085</u>                  | <u>-</u>                   | <u>2,085</u>         |
| Total expenses and losses   | <u>17,344,120</u>             | <u>-</u>                   | <u>17,344,120</u>    | <u>26,687,215</u>             | <u>-</u>                   | <u>26,687,215</u>    |
| Increase (Decrease) in net assets from Operating<br>Activities  | (1,953,567)                   | 8,563                      | (1,945,004)          | (10,365,147)                  | 3,423                      | (10,361,724)         |
| Net Assets at beginning of year   | <u>14,923,204</u>             | <u>180,740</u>             | <u>15,103,944</u>    | <u>25,288,351</u>             | <u>177,317</u>             | <u>25,465,668</u>    |
| Net Assets at end of year   | <u>\$ 12,969,637</u>          | <u>\$ 189,303</u>          | <u>\$ 13,158,940</u> | <u>\$ 14,923,204</u>          | <u>\$ 180,740</u>          | <u>\$ 15,103,944</u> |

See accompanying notes to financial statements.

ROOSEVELT CHILDREN'S ACADEMY  
CHARTER SCHOOL, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2025

|  | Program Services     |                      |                      | Support Services          |                  | Total 2025           |
|--|----------------------|----------------------|----------------------|---------------------------|------------------|----------------------|
|  | Regular<br>Education | Special<br>Education | Total                | Management<br>and General | Fundraising      |                      |
| EXPENSES                                 |                      |                      |                      |                           |                  |                      |
| Salaries and wages                       | \$ 5,233,271         | \$ 757,447           | \$ 5,990,718         | \$ 895,165                | \$ -             | \$ 6,885,883         |
| Payroll tax expenses and fringe benefits | <u>1,431,959</u>     | <u>207,257</u>       | <u>1,639,216</u>     | <u>244,940</u>            | <u>-</u>         | <u>1,884,156</u>     |
| Total Personnel Service Costs            | <u>6,665,230</u>     | <u>964,704</u>       | <u>7,629,934</u>     | <u>1,140,105</u>          | <u>-</u>         | <u>8,770,039</u>     |
| Consultants - education                  | 790,517              | 197,629              | 988,146              | -                         | -                | 988,146              |
| Food purchases                           | 582,408              | 145,602              | 728,010              | -                         | -                | 728,010              |
| Insurance expense                        | 42,663               | 2,473                | 45,136               | 16,694                    | -                | 61,830               |
| Supplies and materials                   | 265,518              | 70,805               | 336,323              | 17,701                    | -                | 354,024              |
| Textbooks                                | 18,001               | 4,500                | 22,501               | -                         | -                | 22,501               |
| Telephone                                | 73,571               | 4,265                | 77,836               | 28,788                    | -                | 106,624              |
| Occupancy                                | 3,782,372            | 1,008,632            | 4,791,004            | 252,158                   | -                | 5,043,162            |
| Field trips                              | 35,069               | 8,767                | 43,836               | -                         | -                | 43,836               |
| Fundraising expenses                     | -                    | -                    | -                    | -                         | 18,869           | 18,869               |
| Staff development                        | 46,014               | 11,503               | 57,517               | -                         | -                | 57,517               |
| Equipment - rentals                      | 34,977               | 2,028                | 37,005               | 13,687                    | -                | 50,692               |
| Professional fees                        | 74,799               | 4,336                | 79,135               | 29,269                    | -                | 108,404              |
| Repairs and maintenance                  | 191,362              | 51,030               | 242,392              | 12,757                    | -                | 255,149              |
| Travel                                   | 12,918               | 749                  | 13,667               | 5,055                     | -                | 18,722               |
| Board of Trustees                        | 2,164                | 125                  | 2,289                | 847                       | -                | 3,136                |
| Utilities                                | 94,586               | 25,223               | 119,809              | 6,306                     | -                | 126,114              |
| Depreciation                             | 270,155              | 72,041               | 342,196              | 18,010                    | -                | 360,206              |
| Postage                                  | 9,796                | 568                  | 10,364               | 3,833                     | -                | 14,197               |
| Advertising                              | 14,200               | 823                  | 15,023               | 5,556                     | -                | 20,579               |
| Administrative fees                      | 79,421               | 4,604                | 84,025               | 31,078                    | -                | 115,103              |
| Student testing and incentives           | 53,533               | 13,383               | 66,916               | -                         | -                | 66,916               |
| Other                                    | <u>7,137</u>         | <u>414</u>           | <u>7,551</u>         | <u>2,793</u>              | <u>-</u>         | <u>10,344</u>        |
| TOTAL EXPENSES                           | <u>\$ 13,146,411</u> | <u>\$ 2,594,204</u>  | <u>\$ 15,740,615</u> | <u>\$ 1,584,636</u>       | <u>\$ 18,869</u> | <u>\$ 17,344,120</u> |

See accompanying notes to financial statements.

ROOSEVELT CHILDREN'S ACADEMY  
CHARTER SCHOOL, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2024

|  | Program Services     |                      |                      | Support Services          |                  | Total 2024           |
|--|----------------------|----------------------|----------------------|---------------------------|------------------|----------------------|
|  | Regular<br>Education | Special<br>Education | Total                | Management<br>and General | Fundraising      |                      |
| EXPENSES                                 |                      |                      |                      |                           |                  |                      |
| Salaries and wages                       | \$ 5,273,977         | \$ 763,339           | \$ 6,037,316         | \$ 902,128                | \$ -             | \$ 6,939,444         |
| Payroll tax expenses and fringe benefits | <u>1,565,963</u>     | <u>226,653</u>       | <u>1,792,616</u>     | <u>267,862</u>            | <u>-</u>         | <u>2,060,478</u>     |
| Total Personnel Service Costs            | <u>6,839,940</u>     | <u>989,992</u>       | <u>7,829,932</u>     | <u>1,169,990</u>          | <u>-</u>         | <u>8,999,922</u>     |
| Consultants - education                  | 835,136              | 208,784              | 1,043,920            | -                         | -                | 1,043,920            |
| Food purchases                           | 520,272              | 130,068              | 650,340              | -                         | -                | 650,340              |
| Insurance expense                        | 43,580               | 2,526                | 46,106               | 17,053                    | -                | 63,159               |
| Supplies and materials                   | 253,138              | 67,503               | 320,641              | 16,876                    | -                | 337,517              |
| Textbooks                                | 24,345               | 6,086                | 30,431               | -                         | -                | 30,431               |
| Telephone                                | 71,168               | 4,126                | 75,294               | 27,848                    | -                | 103,142              |
| Occupancy                                | 2,686,656            | 716,442              | 3,403,098            | 179,110                   | -                | 3,582,208            |
| Field trips                              | 13,778               | 3,445                | 17,223               | -                         | -                | 17,223               |
| Fundraising expenses                     | -                    | -                    | -                    | -                         | 45,914           | 45,914               |
| Staff development                        | 42,674               | 10,668               | 53,342               | -                         | -                | 53,342               |
| Equipment - rentals                      | 30,636               | 1,776                | 32,412               | 11,988                    | -                | 44,400               |
| Professional fees                        | 80,527               | 4,668                | 85,195               | 31,511                    | -                | 116,706              |
| Repairs and maintenance                  | 308,696              | 82,319               | 391,015              | 20,580                    | -                | 411,595              |
| Travel                                   | 12,596               | 730                  | 13,326               | 4,929                     | -                | 18,255               |
| Board of Trustees                        | 2,300                | 133                  | 2,433                | 900                       | -                | 3,333                |
| Utilities                                | 87,290               | 23,277               | 110,567              | 5,819                     | -                | 116,386              |
| Depreciation                             | 373,521              | 99,606               | 473,127              | 24,901                    | -                | 498,028              |
| Postage                                  | 8,597                | 498                  | 9,095                | 3,364                     | -                | 12,459               |
| Advertising                              | 16,121               | 935                  | 17,056               | 6,308                     | -                | 23,364               |
| Administrative fees                      | 96,496               | 5,594                | 102,090              | 37,759                    | -                | 139,849              |
| Student testing and incentives           | 52,080               | 13,020               | 65,100               | -                         | -                | 65,100               |
| Other                                    | <u>6,167</u>         | <u>358</u>           | <u>6,525</u>         | <u>2,413</u>              | <u>-</u>         | <u>8,938</u>         |
| TOTAL EXPENSES                           | <u>\$ 12,405,714</u> | <u>\$ 2,372,554</u>  | <u>\$ 14,778,268</u> | <u>\$ 1,561,349</u>       | <u>\$ 45,914</u> | <u>\$ 16,385,531</u> |

See accompanying notes to financial statements.

ROOSEVELT CHILDREN'S ACADEMY  
CHARTER SCHOOL, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30,

|  | 2025           | 2024            |
|--|----------------|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                |                 |
| Change in net assets   | \$ (1,945,004) | \$ (10,361,724) |
| Adjustments to reconcile change in net assets to<br>net cash provided (used) by operating activities:        |                |                 |
| Depreciation and amortization  | 360,206        | 498,028         |
| Transfer of land, buildings, building improvements and construction in progress<br>balance to Friends of RCA | -              | 10,299,599      |
| Loss on disposal of fixed assets   | -              | 2,085           |
| Gain on sale of investments  | (222,332)      | (307,444)       |
| Amortization of right of use asset, net of liability   | 1,590,096      | 1,068,133       |
| Changes in assets and liabilities:   |                |                 |
| Grants and contracts receivable  | (2,164,208)    | (358,768)       |
| Prepaid expenses   | (61,860)       | 42,605          |
| Accounts payable, accrued expenses and other liabilities   | 11,976         | 154,525         |
| Advance billing  | 129,487        | 116,398         |
| Total adjustments  | (356,635)      | 11,515,161      |
| Net cash (used in) provided by operating activities  | (2,301,639)    | 1,153,437       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                |                 |
| Purchase of property and equipment   | (5,582,107)    | (257,080)       |
| Proceeds from (purchase of) short-term investments - net   | 6,930,524      | (2,922,196)     |
| Net cash provided by (used in) investing activities  | 1,348,417      | (3,179,276)     |
| <b>NET DECREASE IN CASH</b>  | (953,222)      | (2,025,839)     |
| <b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH- beginning</b>   | 3,207,248      | 5,233,087       |
| <b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH- end</b>   | \$ 2,254,026   | \$ 3,207,248    |
| <b>NON-CASH INVESTING ACTIVITIES</b>   |                |                 |
| Recording of Right of use asset - Beginning  | \$ 85,995,758  | \$ 27,172,732   |
| Recording of Right of use liability - Beginning  | \$ 85,995,758  | \$ 27,172,732   |
| Transfer of land, building, building improvements and construction in progress balance<br>to Friends of RCA  | \$ -           | \$ 10,299,599   |

See accompanying notes to financial statements.

**ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**1. ORGANIZATION SUMMARY**

Roosevelt Children's Academy Charter School, Inc. (the "School"), a 501(c)(3) tax-exempt organization, is a charter public elementary and middle school located in Roosevelt, New York. The School was chartered during July 2000, and the first classes were offered during the 2000-2001 school year. The School is incorporated under a charter granted by the Board of Regents on behalf of the New York State ("State") Education Department (the "NYSED").

The School charter was renewed in June 2025 for an additional five years through June 2030. The School educates children on a completely nondiscriminatory and secular basis. The founders and supporters of the School believe that access to a public education of high quality for all children is the foremost issue. The focus of the School is on the core skills of reading, language, writing and mathematics, with an extended day, a high degree of individualized instruction, and an innovative research based academic curriculum. Enrollment is open to all potential student candidates, with a preference for those residing in the immediate area. In fiscal years 2025 and 2024, the School operated classes for students in kindergarten through 8<sup>th</sup> grade.

In connection with the issuance of the Nassau County bonds, the School transferred its title to 111-115 Pleasant Avenue, Roosevelt, New York to the Friends of RCA. The costs associated with 105 & 106 Pleasant Avenue and 170-174 Babylon Turnpike in Roosevelt, New York were transferred over to Friends of RCA, during fiscal year ended June 30, 2024.

**LIQUIDITY**

As of June 30, 2025, the School has approximately \$10.1M of financial assets available within one year of the statement of financial position to meet cash needs for general expenditures consisting of \$2.2M in cash, \$4.6M in short-term investments and \$3.3M in grants and contributions receivable.

The School is substantially supported by revenues from the Federal and New York State government. As part of its liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. The School invests some of its cash in excess of daily requirements in short-term investments.

**BASIS OF ACCOUNTING**

The financial statements of the School have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

**INVESTMENTS**

Investments are reported in the Statement of Financial Position at fair value, which is determined using quoted market prices. Unrealized gains and losses are included in the change in net assets.

**ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NET ASSET PRESENTATION**

The classification of the School's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions or time restrictions. It requires that the amounts for each of the two classes of net assets: with donor restrictions and without donor restrictions be displayed in a Statements of Financial Position and that the amounts of change in each of those classes of net assets be displayed in a Statements of Activities and Changes in Net Assets.

Net assets with donor imposed restrictions result from (a) contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the School and (b) contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the School pursuant to those stipulations.

When such stipulations end or are fulfilled, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Changes in Net Assets.

**CASH AND CASH EQUIVALENTS**

For purposes of the Statements of Cash Flows, the School considers all short-term, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**FINANCIAL INSTRUMENTS**

The School's financial instruments include cash, due from government agencies, marketable securities, accounts payable, and advance billing for which carrying values approximate fair values due to the short maturities of those instruments.

**PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost. Additions and improvements or betterments in excess of \$10,000 with an estimated useful life of greater than one year are capitalized. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. Normal replacement and maintenance costs are charged to earnings as incurred and major renewals and significant improvements are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss for the year is included in income.

**ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

|  |                |
|--|----------------|
| The estimated useful lives of the fixed assets are as follows: | <u>(Years)</u> |
| School buildings   | 20             |
| Building improvements  | 20             |
| Leasehold Improvements   | 10             |
| Furniture and fixtures   | 7              |
| Office equipment   | 7              |
| Computer equipment   | 3              |
| Software   | 3              |

Depreciation for construction-in-progress will commence over the estimated useful lives of the respective assets when the assets are placed in service.

**ASSET IMPAIRMENT**

The School reviews long-lived assets, including equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset.

**RESTRICTED CASH**

Restricted cash related to a reserve account that is required to be maintained by the School in accordance with the charter requirements of \$75,633 and \$75,558 as of June 30, 2025 and 2024.

**ADVANCE BILLING**

Advance billing represents tuition and fees billed for the next school term.

**DONATED SERVICES**

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School. A number of volunteers have made contributions of their time to the School to develop its academic programs or serve on the School's board of trustees.

Teachers also provided fund-raising services throughout the fiscal year. None of these services are recognized as contributions in the accompanying financial statements since the specialized skill criteria for recognition under U.S. GAAP have not been met.

**ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

REVENUE RECOGNITION

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

Revenue from federal and state government grants and contracts is recognized by the School when qualifying expenditures are incurred and billable to the government or when required services have been provided during the applicable school year. Billing in advance is recorded as unearned revenue.

GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable represent funds under charter school contracts that have been billed but not collected as of the date of the financial statements. Grants and contracts receivable are recorded at net realizable value. As of June 30, 2025 and 2024, the School writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the School's accounting policy election. The School's management has determined that there are no potentially uncollectible receivables and thus, an allowance for doubtful accounts is not necessary. Such estimate is based on management's experience, the aging of receivables, subsequent receipts and current economic conditions.

STUDENT ENROLLMENT

Enrollment of available class slots is open to all potential student candidates with those residing in the immediate area given first preference. A lottery is held to award these available slots.

FUNCTIONAL EXPENSE ALLOCATION

The costs of providing programs and other activities have been summarized on a functional basis in the accompanying statements of activities. The expenses allocated include:

Occupancy based on square footage, travel, repairs and maintenance, professional fees and staff development based on time and effort. Accordingly, certain costs have been allocated among the respective programs and supporting services benefited using methodologies developed by management as follows:

- Program services – represents expenses directly associated with general education and special education for certain students requiring additional attention and guidance.
- Management and general – represents expenses related to the overall administration and operation of the School that are not associated with any program services or development.

**ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**INCOME TAXES**

The School is exempt from Federal, state and local income taxes under Section 501 (c)(3) of the Internal Revenue Code ("IRC") and therefore has made no provision for income taxes in the accompanying financial statements. In addition, the School has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a)(2) and 170 (B)(1)(A)(II) of the IRC. There was no unrelated business income for the years ended June 30, 2025 and 2024, respectively.

The accounting standards on accounting for uncertainty in income taxes address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the School may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business income taxable ("UBIT"). The tax benefits recognized in the financial statements from a tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2025 and 2024.

The School has filed federal information returns, as required, and all other applicable returns in jurisdictions where required. For the years ended June 30, 2025 and 2024 respectively, there was no interest or penalties recorded or included in the statements of activities. The School is subject to routine audits by a taxing authority. As of June 30, 2025, the School was not subject to any examination by a taxing authority. Management believes it is no longer subject to income tax examination by taxing authorities for the years prior to June 30, 2023.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

**NEW ACCOUNTING STANDARDS ADOPTED AND TO BE ADOPTED**

Through June 2025, the Financial Accounting Standards Board ("FASB") issued various updates ("ASUs") to the FASB Accounting Standards Codification ("ASC"). ASU 2016-02 "Leases" was implemented during the fiscal year ended June 30, 2023. ASU 2016-02, "Leases," requires lessees to recognize a lease liability, which is the lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

**ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

NEW ACCOUNTING STANDARDS ADOPTED AND TO BE ADOPTED

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the School that are subject to the guidance in FASB ASC 326 were Grant and Contracts receivables. The School adopted the standard effective July 1, 2022. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

LEASES

The School recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The School is a lessee in four noncancellable operating leases for its premises in Roosevelt, New York. The School determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The School recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the School uses its incremental borrowing rate. The implicit rates of our leases are not readily determinable and accordingly, the School uses its incremental borrowing rate based on the information available at the commencement date for all leases. The School's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term. The School has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the School is reasonably certain to exercise. The School recognizes lease costs associated with our short-term leases on a straight-line basis over the lease term.

**ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**3. CONCENTRATION OF CREDIT RISK**

The School maintains its cash balances at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 at each institution. At June 30, 2025 and 2024, the School's uninsured cash balances totaled approximately \$1,957,000 and \$3,188,000 respectively. The School's management monitors the balances in excess of the FDIC coverage to limit any exposure to loss due to credit risk on cash and cash equivalents. However, the School has not experienced any losses in such accounts and does not believe it is exposed to significant risk on its cash and cash equivalent accounts.

**4. PUPIL ENROLLMENT AND OTHER REVENUES FROM GOVERNMENT AGENCIES**

Under the School's charter school agreement and the Charter Schools Act, the School is entitled to receive funding from the NYSED through pupil enrollment funds. The calculation of the amounts to be paid to the School under these programs is determined by the NYSED and is based on complex laws and regulations, enrollment levels, and economic information related to the home school districts of the children enrolled in the School.

If these regulations were to change, or other factors included in the calculations were to change, the level of funding that the School receives could vary significantly.

Federal food subsidies and Title I, II and IV funds are received through grants approved by the U.S. Department of Agriculture and Education respectively. The State food subsidies are received through grants approved by the NYSED.

The amount received from government agencies and included as revenue in the statements of activities consist of the following as of June 30:

|                          | 2025          | 2024          |
|--------------------------|---------------|---------------|
| NYSED (pupil enrollment) | \$ 14,397,830 | \$ 14,711,599 |
| Federal Government       | 525,505       | 1,037,616     |
| New York State           | 13,497        | 14,474        |
|                          | \$ 14,936,832 | \$ 15,763,689 |

**5. INVESTMENTS**

Investments are carried at fair value and realized and unrealized gains and losses are reflected within investment return, net, in the statements of activities and changes and in net assets.

**ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**6. INVESTMENTS (CONTINUED)**

The School invested its excess cash in short-term investments. Investments as of June 30, 2025 and 2024 were \$4,630,440 and \$11,338,632 respectively with various maturity dates in 2024 and 2025.

Investments at June 30 are summarized as follows:

|                                   | <u>2025</u>         | <u>2024</u>          |
|-----------------------------------|---------------------|----------------------|
| Investments at beginning of year  | \$ 11,338,632       | \$ 8,108,992         |
| Investments during the year - Net | (6,930,524)         | 2,912,950            |
| Investments return, net           | 222,332             | 316,690              |
| Investments at end of year        | <u>\$ 4,630,440</u> | <u>\$ 11,338,632</u> |

**7. CASH, CASH EQUIVALENTS AND RESTRICTED CASH**

The following table summarizes cash, cash equivalents and restricted cash as reported on the statements of cash flow:

|  | <u>2025</u>         | <u>2024</u>         |
|--|---------------------|---------------------|
| Cash and cash equivalents  | \$ 2,178,394        | \$ 3,131,690        |
| Restricted cash  | <u>75,633</u>       | <u>75,558</u>       |
| Total cash, cash equivalents and restricted cash reported on statements of cash flows. | <u>\$ 2,254,027</u> | <u>\$ 3,207,248</u> |

**8. ADVANCE BILLING**

The School invoices the appropriate school districts in June for the first two months of the following fiscal year. Those billings will be recognized during the next fiscal year. At June 30, 2025 and 2024, advance billing totaled \$2,420,476 and \$2,290,989, respectively.

|                                  | <u>2025</u>         | <u>2024</u>         |
|----------------------------------|---------------------|---------------------|
| Balance at the beginning of year | \$ 2,290,989        | \$ 2,174,591        |
| Additions:                       |                     |                     |
| Advance billing issued           | 2,420,476           | 2,290,989           |
| Reductions:                      |                     |                     |
| Advance billing earned           | <u>2,290,989</u>    | <u>2,174,591</u>    |
| Balance at end of year           | <u>\$ 2,420,476</u> | <u>\$ 2,290,989</u> |

As of June 30, 2025 and 2024, the School received no advance payments from school districts.

**ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**9. PROPERTY AND EQUIPMENT**

At June 30, property and equipment consisted of the following

|  | <u>2025</u>                | <u>2024</u>              |
|--|----------------------------|--------------------------|
| Leasehold improvements                             | \$ 244,854                 | \$ 212,358               |
| Furniture and fixtures                             | 125,816                    | 137,823                  |
| Computer equipment                                 | 740,607                    | 1,090,129                |
| Office equipment                                   | 193,768                    | 193,768                  |
| Software   | 13,771                     | 50,786                   |
| Modular space                                      | 75,000                     | 75,000                   |
|  | <u>\$ 1,393,816</u>        | <u>\$ 1,759,864</u>      |
| Less: Accumulated depreciation<br>and amortization | 900,298                    | 947,854                  |
|  | <u>493,518</u>             | <u>812,010</u>           |
| Construction in progress                           | 5,549,643                  | 9,250                    |
| Total  | <u><u>\$ 6,043,161</u></u> | <u><u>\$ 821,260</u></u> |

Depreciation and amortization expense for the years ended June 30, 2025 and 2024 were \$360,206 and \$498,028, respectively.

During the years ended June 30, 2025 and 2024, the School transferred \$-0- and \$5,653,931 in construction in progress at 115 Pleasant Avenue, Roosevelt, N.Y., respectively to the books of Friends of RCA pursuant to the agreement between RCA and Friends of RCA. In addition land, building and building improvements were transferred during the fiscal year ended June 30, 2024 to Friends of RCA for \$1,307,889 and \$3,474,984.

During the years ended June 30, 2025 and 2024, the School wrote-off certain old assets that no longer had any use or value. During the years ended June 30, 2025 and 2024, the school incurred a loss on disposition of \$-0- and \$2,085, respectively.

**ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**10. EMPLOYEE BENEFIT PLANS**

DEFINED CONTRIBUTION PLAN

The School sponsors a 401(k) plan (the "Plan") that covers substantially all of its eligible employees. Employees are eligible for the Plan upon employment, and participation in the plan is voluntary. Under the 401 (k) salary reduction provisions of the Plan, employees may elect to defer a portion of their compensation, subject to statutory limitations, and have the deferred amounts contributed to their retirement accounts which become fully vested immediately. The School matches participants' contributions to the Plan up to 4% of the individual participants' annual compensation. The School's contribution recognized in the statements of activities and changes in net assets was \$124,891 and \$118,460 for the years ended June 30, 2025 and 2024, respectively. The Plan's assets are held in a separate trust for the exclusive benefit of the participants and beneficiaries and are not included in the accompanying financial statements.

DEFINED BENEFIT PLAN

The School sponsors a defined benefit pension plan (the "Cash Balance Plan") covering substantially all of its employees, except for certain union employees that are excluded effective June 30, 2023 as a result of a plan change. Pension benefits are based on years of service and the employee's compensation during the last five years of employment. The School's funding policy is to make the minimum annual contribution required by applicable regulations. Any underfunded balances at year end are adjusted for in the following years contributions. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

Pension Plan obligations and funded status:

|  | <u>2025</u>        | <u>2024</u>         |
|--|--------------------|---------------------|
| Projected benefit obligation at June 30      | \$ (3,651,100)     | \$ (3,655,247)      |
| Pension Plan assets at fair value at June 30 | <u>3,597,031</u>   | <u>3,522,071</u>    |
| Funded (Under Funded) status                 | <u>\$ (54,069)</u> | <u>\$ (133,176)</u> |

Reconciliation of Projected benefit obligation:

|   |                       |                       |
|---|-----------------------|-----------------------|
| Benefit Obligation, Beginning of the Year | \$ (3,655,247)        | \$ (3,167,381)        |
| Service Cost                              | (585,546)             | (650,261)             |
| Interest Cost                             | (167,306)             | (147,842)             |
| Actuarial Gain                            | 237,261               | 116,783               |
| Benefits Paid                             | <u>519,738</u>        | <u>193,454</u>        |
| Current year Benefit Obligation           | <u>\$ (3,651,100)</u> | <u>\$ (3,655,247)</u> |

**ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**10. EMPLOYEE BENEFIT PLANS (CONTINUED)**

| Funded Position:             | 2025           | 2024           |
|------------------------------|----------------|----------------|
| Projected benefit obligation | \$ (3,651,100) | \$ (3,655,247) |
| Market value of Assets       | 3,597,031      | 3,522,071      |
| Funded status                | (54,069)       | (133,176)      |
| Net Gain/(Loss)              | (492,438)      | (304,753)      |
| Prepaid benefit cost         | \$ (546,507)   | \$ (437,929)   |

Actuarial Assumptions

Based on discount rate of 5.60% at 6/30/2025 and 5.40% at 6/30/2024

Weighted-average rate of compensation increase: 3.0%

Mortality tables used:

For 2025, Pri-2012 Health Annuitant Tables with Generational Improvements using Scale MP-2021  
For 2024, Pri-2012 Health Annuitant Tables with Generational Improvements using Scale MP-2021

Amounts recognized in the Statement of Financial Position:

|   | 2025        | 2024         |
|---|-------------|--------------|
| Noncurrent Liabilities                  | \$ (53,969) | \$ (133,716) |
| Pension asset/(liability)               | \$ (53,969) | \$ (133,716) |
| Actuarial Assumptions                   |             |              |
| Discount Rate                           | 5.40%       | 4.95%        |
| Expected return on Plan Assets          | 5.40%       | 4.95%        |
| Salary Scale                            | 3.00%       | 3.00%        |
| Average Future Service                  | 21.09       | 22.64        |
| Components of Net Periodic Benefit Cost | 2025        | 2024         |
| Service Cost                            | \$ 585,546  | \$ 650,261   |
| Interest Cost                           | 167,306     | 147,842      |
| Expected Return on Assets               | (184,303)   | (154,158)    |
| Amortization of Net (Gain)/Loss         | (10,071)    | -            |
| Net Periodic Benefit Cost               | \$ 558,478  | \$ 643,945   |

**ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**10. EMPLOYEE BENEFIT PLANS (CONTINUED)**

Expected Benefit Payments as of July 1, 2025:

| Year  | Active              | Terminated       | Retired     | Total               |
|-------|---------------------|------------------|-------------|---------------------|
| 2025  | \$ 636,394          | \$ -             | \$ -        | \$ 636,394          |
| 2026  | 86,105              | 11,455           | -           | 97,560              |
| 2027  | 350,303             | -                | -           | 350,303             |
| 2028  | 105,331             | -                | -           | 105,331             |
| 2029  | 33,437              | -                | -           | 33,437              |
| 2030  | -                   | -                | -           | -                   |
| 2031  | 34,479              | -                | -           | 34,479              |
| 2032  | -                   | -                | -           | -                   |
| 2033  | 186,316             | -                | -           | 186,316             |
| 2034  | 176,718             | -                | -           | 176,718             |
| Total | <u>\$ 1,609,083</u> | <u>\$ 11,455</u> | <u>\$ -</u> | <u>\$ 1,620,538</u> |

Accounting principles generally accepted in the United States of America establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3) measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 – Inputs to valuation methodology are unadjusted quoted process for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability

**ROOSEVELT CHILDREN’S ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**10. EMPLOYEE BENEFIT PLANS (CONTINUED)**

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

The assets or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2025 and 2024:

Cash and cash equivalents and money market funds: Fair value equals cost.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the School believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy; the School’s Pension Plan assets measured at fair value on a recurring basis as of June 30, 2025 and 2024:

| Asset Class             | Assets at Fair Value @ June 30, 2025 |                     |                     |
|-------------------------|--------------------------------------|---------------------|---------------------|
|                         | Total                                | Level 1             | Level 2             |
| Cash                    | \$ 2,243,484                         | \$ 2,243,484        | \$ -                |
| Fixed Income Securities | 99,871                               | -                   | 99,871              |
| Annuities/Insurance     | 1,253,676                            | -                   | 1,253,676           |
|                         | <u>\$ 3,597,031</u>                  | <u>\$ 2,243,484</u> | <u>\$ 1,353,547</u> |

| Asset Class             | Assets at Fair Value @ June 30, 2024 |                   |                     |
|-------------------------|--------------------------------------|-------------------|---------------------|
|                         | Total                                | Level 1           | Level 2             |
| Cash                    | \$ 277,572                           | \$ 277,572        | \$ -                |
| Fixed Income Securities | 1,895,457                            | -                 | 1,895,457           |
| Annuities/Insurance     | 1,349,042                            | -                 | 1,349,042           |
|                         | <u>\$ 3,522,071</u>                  | <u>\$ 277,572</u> | <u>\$ 3,244,499</u> |

**ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**11. LEASES**

The School has an obligation as a lessee for its premises in Roosevelt, N.Y. are effective with Friends of RCA for its school facilities in Roosevelt, New York, expiring in 47 years. The school classified these leases as operating leases. Payments due under the leases contracts include fixed payments.

There were no components of lease cost and supplemental cash flow information to disclose for the year ended June 30, 2025.

Amounts reported in the balance sheet as of June 30, 2025 were as follows:

|                                     |               |
|-------------------------------------|---------------|
| Operating lease Right of use assets | \$111,310,925 |
| Operating lease liabilities         | \$113,969,544 |

Weighted average remaining lease term: 46 years

Weighted average discount rate: 5.00 %

Amounts disclosed for ROU assets obtained in exchange for lease obligations and reductions to ROU assets resulting from reductions to lease obligations include amounts added to or reduced from the carrying amount of ROU assets resulting from new leases, lease modifications or reassessments.

Maturities of lease liabilities under the noncancellable operating leases as of June 30, 2025 are as follows:

| Year ended June 30, | Lease Payments        |                         |                       |
|---------------------|-----------------------|-------------------------|-----------------------|
|                     | Due                   | Interest Expense        | Lease Liability       |
| 2026                | \$ 5,495,626          | \$ (5,768,706)          | \$ (273,080)          |
| 2027                | 5,581,493             | (5,780,682)             | (199,189)             |
| 2028                | 5,667,732             | (5,788,869)             | (121,136)             |
| 2029                | 5,734,102             | (5,755,282)             | (21,180)              |
| 2030                | 5,875,800             | (5,830,134)             | 45,667                |
| 2031 and thereafter | 293,415,891           | (178,877,429)           | 114,538,462           |
| Total               | <u>\$ 321,770,645</u> | <u>\$ (207,801,101)</u> | <u>\$ 113,969,544</u> |

**12. CONCENTRATIONS OF CREDIT RISK**

The School received approximately 96% and 94% all of its support and revenue from per pupil funding from the New York State Department of Education during the years ended June 30, 2025 and 2024, respectively. Additionally, the School's grants and contracts receivable consists of approximately 98% and 98% from the New York State Department of Education and some as a pass through from the Federal Government, respectively. If the School's charter was modified, reducing or eliminating these pass through from Federal revenues, the School's finances could be materially adversely affected and would have a significant impact on the School's ability to carry out its activities at current levels.

**ROOSEVELT CHILDREN'S ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**13. NONCOMPLIANCE WITH GRANTOR RESTRICTIONS**

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

**14. CONTINGENCIES**

The School continues to be a defendant in employment related lawsuits and arbitration matters. The School has defended itself vigorously in these matters. The losses, if any, from the open claims are not expected to have a material effect on the School's financial position or results of operations and are covered by insurance.

**15. SUBSEQUENT EVENTS**

The School's management has performed subsequent event procedures through October 28, 2025, which is the date the financial statements were available for issuance.

**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  
Roosevelt Children's Academy Charter School, Inc.

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 Roosevelt Children's Academy Charter School, Inc., which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 28, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Roosevelt Children's Academy Charter School, Inc.'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 Roosevelt Children's Academy Charter School, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Roosevelt Children's Academy Charter School, Inc.'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 Roosevelt Children's Academy Charter School, Inc.'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 may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Roosevelt Children's Academy Charter School, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 Roosevelt Children's Academy Charter School, Inc.'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 Roosevelt Children's Academy Charter School, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Woodbury, New York  
October 28, 2025