
THE ACADEMY CHARTER SCHOOL

**Financial Statements with Supplementary
Information**

For the years ended June 30, 2025 and 2024

THE ACADEMY CHARTER SCHOOL

Financial Statements

June 30, 2025 and 2024

Contents	Page	
Independent Auditor’s Report.....	1-3	
Statements of Financial Position.....	4	
Statements of Activities	5	
Statements of Functional Expenses	6-7	
Statements of Cash Flows.....	8	
Notes to the Financial Statements.....	9-20	
 Supplementary Information Required by New York State Education Department		
Statements of Financial Position: The Academy – Hempstead	21	
Statements of Activities: The Academy – Hempstead	22	
Statement of Functional Expenses: The Academy – Hempstead	23	
Statements of Financial Position: The Academy – Uniondale	24	
Statements of Activities: The Academy – Uniondale.....	25	
Statement of Functional Expenses: The Academy – Uniondale.....	26	
 Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		27-28

Independent Auditor's Report

To the Board of Trustees of
The Academy Charter School
Hempstead, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Academy Charter School ("TACS") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of TACS 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 TACS 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 opinions.

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 TACS's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 TACS'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 TACS'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 Matters

Report on Supplementary Information Required by New York State Education Department

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 21 to 26 is required by the New York State Department of Education who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information shown on pages 21 to 26 is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2025 on our consideration of TACS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TACS'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 TACS's internal control over financial reporting and compliance.

NChang LLP

New York, New York
October 30, 2025

THE ACADEMY CHARTER SCHOOL

Statements of Financial Position

As of June 30,

	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 24,860,351	\$ 12,211,201
Restricted cash and escrow reserves - bond principal and interest	6,369,118	6,339,641
Accounts receivable - net	3,144,328	11,060,314
Grants receivable - government agencies	614,361	1,222,161
Due from affiliate	9,323,250	2,505,243
Prepaid expenses	110,850	28,200
Total current assets	44,422,258	33,366,760
Property and equipment, net	129,252,363	135,839,196
Operating lease right-of-use assets	3,024,258	3,372,255
Other assets		
Restricted cash and escrow reserves	14,381,083	13,729,426
Security and other deposits	239,588	231,679
Total assets	<u>\$ 191,319,550</u>	<u>\$ 186,539,316</u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 2,613,108	\$ 2,219,611
Accrued salaries and other payroll-related expenses	9,459,650	6,742,994
Accrued interest payable	2,721,935	2,780,223
Bonds payable - current portion	3,565,000	3,385,000
Line of credit	8,500,000	4,000,000
Lease liabilities - operating leases - current portion	410,632	448,045
Total current liabilities	27,270,325	19,575,873
Lease liabilities - operating leases - long-term portion	2,695,262	3,005,846
Bonds payable (long-term portion; net of unamortized deferred financing costs of \$4,528,939 in 2025 and \$4,718,300 in 2024)	146,815,789	150,191,428
Total liabilities	<u>176,781,376</u>	<u>172,773,147</u>
Net assets without donor restrictions		
Undesignated	14,341,583	13,574,132
Reserve - contingency	196,591	192,037
Total net assets without donor restrictions	<u>14,538,174</u>	<u>13,766,169</u>
Total liabilities and net assets	<u>\$ 191,319,550</u>	<u>\$ 186,539,316</u>

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

THE ACADEMY CHARTER SCHOOL**Statements of Activities**

For the years ended June 30,

	<u>2025</u>	<u>2024</u>
<u>Operating revenue and other support</u>		
Public school districts		
Regular education	\$ 87,350,340	\$ 78,546,790
Special education	1,386,878	1,372,405
	<hr/>	<hr/>
Total state and local per pupil operating revenue	88,737,218	79,919,195
Grants, contracts and other support		
Federal and state grants	5,399,774	6,322,263
Contributions and private grants	1,241,905	10,468
Interest and other income	1,405,267	1,562,356
	<hr/>	<hr/>
Total operating revenue and other support	96,784,164	87,814,282
	<hr/>	<hr/>
<u>Expenses</u>		
Program expenses		
Regular education	64,100,592	57,898,612
Food service	5,251,023	6,371,024
Special education	1,433,027	1,855,986
	<hr/>	<hr/>
Total program expenses	70,784,642	66,125,622
Supporting services		
Management and general	25,227,517	20,185,025
Fundraising	-	224,499
	<hr/>	<hr/>
Total supporting services	25,227,517	20,409,524
	<hr/>	<hr/>
Total program and supporting services expenses	96,012,159	86,535,146
Change in net assets	772,005	1,279,136
Net assets without donor restrictions - beginning of year	13,766,169	12,487,033
	<hr/>	<hr/>
Net assets without donor restrictions - end of year	<u>\$ 14,538,174</u>	<u>\$ 13,766,169</u>

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

THE ACADEMY CHARTER SCHOOL
Statement of Functional Expenses
For the year ended June 30, 2025

	Program expenses			Supporting services		Total program and supporting services	
	Regular education	Special education	Food service	Total programs	Management & general		Fundraising
Salaries							
Administrative staff personnel	\$ 1,158,016	\$ -	\$ -	\$ 1,158,016	\$ 10,393,296	\$ -	\$ 11,551,312
Instructional personnel	27,360,633	608,257	-	27,968,890	-	-	27,968,890
Noninstructional personnel	94,342	-	1,233,993	1,328,335	6,246,125	-	7,574,460
Total salaries	<u>28,612,991</u>	<u>608,257</u>	<u>1,233,993</u>	<u>30,455,241</u>	<u>16,639,421</u>	<u>-</u>	<u>47,094,662</u>
Operating expenses							
Payroll taxes and fringe benefits	7,213,461	158,955	320,980	7,693,396	3,953,679	-	11,647,075
Retirement benefits	526,709	11,484	22,783	560,976	302,844	-	863,820
Financial and administrative	18,800	-	-	18,800	818,717	-	837,517
Administrative	8,514	-	513	9,027	6,000	-	15,027
Marketing and recruitment	156,513	-	-	156,513	-	-	156,513
Insurance	534,208	6,022	10,547	550,777	98,693	-	649,470
Legal and professional	703,535	6,019	212,981	922,535	259,275	-	1,181,810
Repairs and maintenance	3,315,394	17,575	92,199	3,425,168	100,690	-	3,525,858
Equipment leasing and maintenance	2,072,998	35,928	30,470	2,139,396	213,807	-	2,353,203
Staff development	394,915	149,532	-	544,447	1,337	-	545,784
Food costs	403,913	-	2,702,651	3,106,564	-	-	3,106,564
Student services and related activities	3,589,236	103,989	8,575	3,701,800	-	-	3,701,800
Supplies and instructional materials	1,554,392	33,906	5,172	1,593,470	117,513	-	1,710,983
Telephone and internet services	720,795	15,292	29,531	765,618	93,363	-	858,981
Occupancy	619,000	10,771	21,921	651,692	203,740	-	855,432
Other expenses	296,791	3,679	10,209	310,679	90,493	-	401,172
Interest expense - facilities loans	7,458,511	161,571	304,827	7,924,909	781,167	-	8,706,076
Depreciation	5,770,288	107,432	238,113	6,115,833	1,495,217	-	7,611,050
Amortization	129,628	2,615	5,558	137,801	51,561	-	189,362
Total operating expenses	<u>35,487,601</u>	<u>824,770</u>	<u>4,017,030</u>	<u>40,329,401</u>	<u>8,588,096</u>	<u>-</u>	<u>48,917,497</u>
Total expenses	<u>\$ 64,100,592</u>	<u>\$ 1,433,027</u>	<u>\$ 5,251,023</u>	<u>\$ 70,784,642</u>	<u>\$ 25,227,517</u>	<u>\$ -</u>	<u>\$ 96,012,159</u>

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

THE ACADEMY CHARTER SCHOOL
Statement of Functional Expenses
For the year ended June 30, 2024

	Program expenses			Supporting services		Total program and supporting services	
	Regular education	Special education	Food service	Total programs	Management & general		Fundraising
Salaries							
Administrative staff personnel	\$ 1,313,721	\$ -	\$ -	\$ 1,313,721	\$ 8,011,974	\$ -	\$ 9,325,695
Instructional personnel	24,455,273	884,441	-	25,339,714	-	-	25,339,714
Noninstructional personnel	44,739	-	1,151,913	1,196,652	5,249,488	-	6,446,140
Total salaries	<u>25,813,733</u>	<u>884,441</u>	<u>1,151,913</u>	<u>27,850,087</u>	<u>13,261,462</u>	<u>-</u>	<u>41,111,549</u>
Operating expenses							
Payroll taxes and fringe benefits	5,740,138	191,960	288,563	6,220,661	2,945,566	-	9,166,227
Retirement benefits	502,266	15,811	23,678	541,755	242,770	-	784,525
Financial and administrative	17,300	-	-	17,300	579,601	-	596,901
Administrative	47,818	-	1,629	49,447	7,439	-	56,886
Marketing and recruitment	119,277	-	-	119,277	-	-	119,277
Insurance	525,837	16,650	24,718	567,205	197,692	-	764,897
Legal and professional	495,911	-	245,918	741,829	17,739	216,962	976,530
Repairs and maintenance	2,691,756	73,617	399,166	3,164,539	196,922	-	3,361,461
Equipment leasing and maintenance	1,697,043	39,238	53,038	1,789,319	227,330	-	2,016,649
Staff development	449,587	14,659	425	464,671	-	7,537	472,208
Food costs	-	-	2,858,058	2,858,058	-	-	2,858,058
Student services and related activities	3,655,572	173,202	7,756	3,836,530	-	-	3,836,530
Supplies and instructional materials	1,477,577	46,763	55,664	1,580,004	34,590	-	1,614,594
Telephone and internet services	654,160	13,479	6,020	673,659	61,639	-	735,298
Occupancy	741,852	30,200	195,856	967,908	48,011	-	1,015,919
Other expenses	483,001	1,680	6,650	491,331	77,482	-	568,813
Interest expense - facilities loans	7,465,249	206,541	309,458	7,981,248	915,683	-	8,896,931
Depreciation	5,189,762	143,272	736,606	6,069,640	1,322,891	-	7,392,531
Amortization	130,773	4,473	5,908	141,154	48,208	-	189,362
Total operating expenses	<u>32,084,879</u>	<u>971,545</u>	<u>5,219,111</u>	<u>38,275,535</u>	<u>6,923,563</u>	<u>224,499</u>	<u>45,423,597</u>
Total expenses	<u>\$ 57,898,612</u>	<u>\$ 1,855,986</u>	<u>\$ 6,371,024</u>	<u>\$ 66,125,622</u>	<u>\$20,185,025</u>	<u>\$ 224,499</u>	<u>\$ 86,535,146</u>

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

THE ACADEMY CHARTER SCHOOL
Statements of Cash Flows
For the years ended June 30,

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 772,005	\$ 1,279,136
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	7,611,050	7,392,531
Amortization of debt issuance costs	189,362	189,362
Changes in operating assets and liabilities:		
Accounts and grants receivable	7,915,986	(9,929,612)
Grants receivable - government agencies	607,800	232,102
Due from affiliates	(6,818,008)	9,298,720
Security and other deposits	(7,909)	(3,500)
Prepaid expenses	(82,650)	54,477
Accounts payable and accrued expenses	393,497	283,900
Accrued salaries and other payroll-related expenses	2,716,656	273,485
Accrued interest payable	(58,288)	(64,660)
Net cash provided by operating activities	<u>13,239,501</u>	<u>9,005,941</u>
Cash flows from investing activities		
Acquisition of property and equipment	<u>(1,024,217)</u>	<u>(3,457,778)</u>
Cash flows from financing activities		
Payments on bonds payable	(3,385,000)	(2,305,000)
Draws on line of credit	8,500,000	4,000,000
Payments on line of credit	<u>(4,000,000)</u>	<u>(5,000,000)</u>
Net cash provided by/(used in) financing activities	<u>1,115,000</u>	<u>(3,305,000)</u>
Net change in cash, cash equivalents, and restricted cash	13,330,284	2,243,163
Cash, cash equivalents, and restricted cash - beginning of year	<u>32,280,268</u>	<u>30,037,105</u>
Cash, cash equivalents, and restricted cash - end of year	<u>\$ 45,610,552</u>	<u>\$ 32,280,268</u>
Supplemental cash flow disclosures		
Interest paid	<u>\$ 8,764,364</u>	<u>\$ 8,947,770</u>

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

THE ACADEMY CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2025 and 2024

Note 1 Organization

The Academy Charter School (“TACS”), a 501(c)(3) tax-exempt organization, is a public charter school located in Hempstead and Uniondale, New York. TACS opened its first campus in Hempstead in February 2009 and commenced operating classes for kindergarten through second grade in September 2009, and added third through eleventh grade classes in 2010 through 2019. In fiscal year 2020, TACS Hempstead added twelfth grade reaching full capacity during the 2019-20 school year. TACS Hempstead charter was renewed in 2024 for an additional five years ending June 30, 2029.

Effective December 2017, The Academy Charter School – Uniondale location received its charter approval from The State University of New York Charter School Institute. TACS Uniondale charter was also renewed in 2024 through July 31, 2029.

The Academy Charter School, Hempstead location, is referred to as “The Academy – Hempstead” and The Academy Charter School – Uniondale is referred to as “The Academy – Uniondale.” Collectively, The Academy – Hempstead and The Academy – Uniondale will be referred to as “TACS.”

The mission of TACS is to offer an interdisciplinary curriculum in a technology-rich environment that challenges students to explore connections across subjects and use experiential learning to bridge the gaps between theory and practice. Enrollment is open to all potential student candidates, with a preference for those residing in the immediate area.

Affiliated organizations.

The Academy Charter School 2 (“TACS2”), a 501(c)(3) tax-exempt organization, is a public charter school located in Wyandanch, New York. TACS2 is also authorized by the State University of New York. TACS2 charter expires June 2027.

Friends of The Academy, Inc. (“FOTA”) is a New York not-for-profit organization incorporated on February 24, 2015, which is a 501(c)(3) tax exempt entity.

Prior to February 27, 2025, TACS, TACS2 and FOTA were guarantors on all outstanding bonds, including the 2023 bond series which were issued by TACS2 and FOTA. The proceeds from the 2023 bond series were used to construct and refinance facilities owned by TACS2 and FOTA. As a result of being co-obligors on the outstanding bonds, in addition to issuing separate standalone financial statements for TACS and TACS 2, the financial statements were also combined for financial reporting purposes. On February 27, 2025, FOTA was released from being co-obligor.

On December 9, 2024, TACS acquired 100% of the membership interest in Knivot, LLC. Knivot, LLC currently has no activity.

THE ACADEMY CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2025 and 2024

Note 2 Summary of significant accounting policies

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

Financial statement presentation. TACS reports information regarding its financial position and activities according to the following net asset classifications:

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

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

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

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

For contributions, TACS evaluates whether they are conditional or unconditional. Contributions are considered to be conditional when both barriers, the right of return of the assets and the right of release from the obligation, must be overcome for TACS to be entitled to the revenue.

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

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

THE ACADEMY CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2025 and 2024

Note 2 Summary of significant accounting policies – (continued)

Grants receivable. Grants receivables (including grants receivable from government agencies) are recorded at net realizable value. The allowance for doubtful accounts is TACS's best estimate of the amount of probable credit losses in existing receivables. Management determines the allowance based on historical write-off experience and reviews its allowance for doubtful accounts periodically. Past due balances are reviewed individually for collectability. For years ended June 30, 2025 and 2024, no allowance for doubtful accounts as relates to grants receivable was recorded as grants deemed fully collectible.

Statement of cash flows presentation. On the statement of cash flows, cash, cash equivalents and restricted cash at June 30, 2025 and 2024 consist of the following:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 24,860,351	\$ 12,211,201
<u>Restricted cash and escrow reserves:</u>		
Bond principal reserves	3,044,168	2,945,260
Bond interest reserves	3,324,950	3,394,381
Restricted cash - held by trustee	11,880	18,521
Debt service reserve fund	13,828,586	13,189,184
Capitalized interest reserve	3,231	3,146
Repairs and replacements	340,795	326,538
Restricted cash - contingency	196,591	192,037
Total restricted cash and escrow reserves	<u>20,750,201</u>	<u>20,069,067</u>
Total cash, cash equivalents and restricted cash	<u>\$ 45,610,552</u>	<u>\$ 32,280,268</u>

Restricted cash and escrow reserves. Restricted cash and escrow reserves relate to reserve and escrow accounts that are required to be maintained by TACS in accordance with the bond indenture and charter requirements.

Concentrations of credit risk. Financial instruments, which potentially subject TACS to concentrations of credit risk include cash and accounts receivable. TACS maintains its cash in bank deposit accounts which, at times, may exceed the current insured amount of \$250,000 under the Federal Deposit Insurance Corporation ("FDIC"). As of June 30, 2025 and 2024, TACS's cash balance exceeded the current amount insured under FDIC. TACS has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk therein.

THE ACADEMY CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2025 and 2024

Note 2 Summary of significant accounting policies – (continued)

Accounts receivable. Financial assets, which potentially subject TACS to credit losses, consist primarily of amounts due from school districts for per-pupil billings and other educational services provided. Expected losses are recorded to an allowance for credit losses valuation account that is net against the corresponding asset to present the net amount expected to be collected on the financial asset. The allowance for credit losses is determined through analysis of the accounts receivable aging, historical collection experience, and an evaluation of current and projected economic conditions that may impact collectability. Because receivables are due primarily from New York State and local school districts, management believes the risk of loss is minimal.

Based on the analysis performed on open accounts receivable and historical collection trends, an allowance for credit losses for the years ended June 30, 2025 and 2024 amounted to \$250,592 and \$275,356, respectively.

Property and equipment. Property and equipment are recorded at cost. Donated assets are capitalized at the estimated fair value at date of receipt. Maintenance and repairs are charged to expense as incurred; significant improvements are capitalized. TACS capitalizes additions and significant improvements in excess of \$5,000. Depreciation is computed using the straight-line method over estimated useful lives of the respective asset. The estimated depreciable lives of the different classes of property are as follows:

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

Depreciation charges for computer equipment financed through capitalized lease obligations are included in depreciation expense. Depreciation for construction-in-progress will commence over the estimated useful lives of the respective assets when the assets are placed in service.

Functional allocation of expenses. The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

Salaries and professional fees are allocated based on time and effort. Payroll taxes, fringe benefits, occupancy, repairs and maintenance, data management, equipment rental, and supplies are allocated using salaries allocation as the basis.

Advertising. Advertising costs are expensed as incurred.

THE ACADEMY CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2025 and 2024

Note 2 Summary of significant accounting policies – (continued)

Debt issuance costs. Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the bonds payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using a straight-line method over the term of the related debt. Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Amortization expenses amounted to \$189,362 for the years ended June 30, 2025 and 2024.

Deferred revenue. Funds received in advance for which qualifying expenditures have not been incurred are reflected as deferred revenue from state and local government grants in the accompanying statements of financial position.

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

Leases. TACS determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (“ROU”) assets and lease liabilities in the statements of financial position. ROU assets and lease liabilities represent the present value of future minimum lease payments over the lease term. ROU assets also include any prepaid or accrued rent. The change in operating lease ROU assets and lease liabilities on the statements of cash flows includes amortization of the ROU asset, cash payments for leases and accretion of the discounted lease liability.

Operating lease expense is recognized on a straight-line basis over the lease term. TACS does not recognize ROU assets and lease liabilities for short-term leases (leases with a term of 12 months or less). Payments for these leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease. These options are included in the lease term when it is reasonably certain that TACS will exercise the option.

Income taxes. TACS is exempt from income taxes under 501(c)(3) of the Internal Revenue Code (the Code). TACS has analyzed tax positions taken for filing with the Internal Revenue Service and state jurisdictions where it operates. TACS does not anticipate any significant uncertain tax positions that would require recognition in the financial statements. Periods ending June 30, 2022 and subsequent remain subject to examination by the taxing authorities.

THE ACADEMY CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2025 and 2024

Note 3 Property and equipment

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

	2025		Total
	The Academy - Hempstead	The Academy - Uniondale	
Land	\$ 790,000	\$ -	\$ 790,000
Building	64,238,444	69,836,049	134,074,493
Building improvements	5,265,526	1,743,224	7,008,750
Furniture and fixtures	3,504,335	4,402,179	7,906,514
Machinery and equipment	60,481	930,414	990,895
Educational equipment	932,268	579,955	1,512,223
Computer and office equipment	7,131,779	8,130,858	15,262,637
Total property and equipment	81,922,833	85,622,679	167,545,512
Less: accumulated depreciation	(23,176,770)	(15,116,379)	(38,293,149)
Property and equipment, net	\$ 58,746,063	\$ 70,506,300	\$ 129,252,363

	2024		Total
	The Academy - Hempstead	The Academy - Uniondale	
Land	\$ 790,000	\$ -	\$ 790,000
Building	64,238,444	69,836,049	134,074,493
Building improvements	5,252,826	1,706,771	6,959,597
Furniture and fixtures	3,457,177	4,416,075	7,873,252
Machinery and equipment	37,190	911,516	948,706
Educational equipment	875,498	508,191	1,383,689
Computer and office equipment	6,748,294	7,743,264	14,491,558
Total property and equipment	81,399,429	85,121,866	166,521,295
Less: accumulated depreciation	(20,331,313)	(10,350,786)	(30,682,099)
Property and equipment, net	\$ 61,068,116	\$ 74,771,080	\$ 135,839,196

Note 4 Line of credit

TACS has a \$10,000,000 revolving line of credit with a financial institution. The line of credit bears interest of 8.5% per annum, secured by the non-real estate assets of TACS, and is due and payable upon demand by the bank. As of June 30, 2025 and 2024, the outstanding line of credit total balances were \$8,500,000 and \$4,000,000, respectively.

THE ACADEMY CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2025 and 2024

Note 5 Restricted cash and escrow reserves

Restricted cash and escrow reserve accounts as of June 30, 2025 and 2024 were as follows:

	2025			2024		
	The Academy - Hempstead	The Academy - Uniondale	Total	The Academy - Hempstead	The Academy - Uniondale	Total
Restricted cash and escrow reserves						
Bond principal reserves	\$ 2,107,167	\$ 937,001	\$ 3,044,168	\$ 2,062,277	\$ 882,983	\$ 2,945,260
Bond interest reserves	1,621,061	1,703,889	3,324,950	1,666,936	1,727,445	3,394,381
Total bond principal and interest reserve	3,728,228	2,640,890	6,369,118	3,729,213	2,610,428	6,339,641
Other restricted cash and escrow reserves:						
Restricted cash - held by trustee	8,652	3,228	11,880	5,898	12,623	18,521
Debt service reserve fund	8,409,177	5,419,409	13,828,586	8,027,322	5,161,862	13,189,184
Capitalized interest reserve	-	3,231	3,231	-	3,146	3,146
Repairs and replacements	227,197	113,598	340,795	217,692	108,846	326,538
Restricted cash - contingency	85,470	111,121	196,591	82,433	109,604	192,037
Total other restricted cash and reserves	8,730,496	5,650,587	14,381,083	8,333,345	5,396,081	13,729,426
Total restricted cash and escrow reserves	\$ 12,458,724	\$ 8,291,477	\$ 20,750,201	\$ 12,062,558	\$ 8,006,509	\$ 20,069,067

Note 6 Bonds payable

On August 10, 2017, The Town of Hempstead Local Development Corporation provided financing through the issuance of \$35,900,000 in Tax-Exempt Education Revenue Bonds (the “Series 2017A Bonds”), bearing interest from 5.45% to 6.24% per annum, with principal due at varying amounts annually through maturity on February 1, 2047, as well as \$2,685,000 in Taxable Education Revenue Bonds (the “Series 2017B Bonds”), bearing interest at 6.59% per annum, with principal due at varying amounts annually through maturity on February 1, 2024. The proceeds of the bonds were used for the acquisition, construction, equipment, and furnishing of an approximately 112,500 square foot building for The Academy – Hempstead.

On June 26, 2018, The Town of Hempstead Local Development Corporation provided financing through the issuance of \$19,520,000 in Tax-Exempt Education Revenue Bonds (the “Series 2018A Bonds”), bearing interest from 6.47% to 7.24% per annum, with principal due at varying amounts annually through maturity on February 1, 2048, as well as \$1,945,000 in Taxable Education Revenue Bonds (the “Series 2018B Bonds”), bearing interest at 7.24% per annum, with principal due at varying amounts annually through maturity on February 1, 2027. The proceeds of the bonds were used for the acquisition and renovation of building for The Academy – Uniondale.

THE ACADEMY CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2025 and 2024

Note 6 Bonds payable – (continued)

On July 1, 2020, The Town of Hempstead Local Development Corporation provided financing through the issuance of \$35,860,000 in Tax-Exempt Education Revenue Bonds (the “Series 2020A Bonds”), bearing interest from 4.76% to 5.73% per annum, with principal due at varying amounts annually through maturity on February 1, 2050, as well as \$22,135,000 in Tax-Exempt Education Revenue Refunding Bonds (the “Series 2020B Bonds”), bearing interest from 4.76% to 5.66% per annum, with principal due at varying amounts annually through maturity on February 1, 2044, and a \$945,000 Taxable Education Revenue Bond (the “Series 2020C Bonds”), bearing interest at 6.00% due at varying amounts annually through maturity on February 1, 2025. The proceeds of the bonds were used to finance and refinance the costs of certain charter school facilities for both Hempstead and Uniondale campuses, as well as refund outstanding amounts on Series 2011A and Series 2013A bonds. Additionally, the funds were used for the construction, equipping, and furnishing of a 30,000 square foot, three story building for the Hempstead elementary school annex; interior renovation, equipping and furnishing of the Uniondale campus building; and a construction of additional 40,000 square foot facilities at the Uniondale campus.

On May 21, 2021, The Town of Hempstead Local Development Corporation provided financing through the issuance of \$45,965,000 in Tax-Exempt Education Revenue Bonds (the “Series 2021A Bonds”), bearing interest from 4.05% to 4.60% per annum, with principal due at varying amounts annually through maturity on February 1, 2051, and a \$650,000 Taxable Education Revenue Bond (the “Series 2021B Bonds”), bearing interest at 5.00% due in full on February 1, 2025. The proceeds of the bonds are to be used (A) to finance and refinance the costs of certain charter school facilities for Uniondale campus such as the acquisition and construction of an approximately 93,000 square foot, four-story addition to Uniondale's existing building situated on an approximately 5.7 acre parcel of land leased from Nassau County (the “Land”), all located at 100 Charles Lindbergh Boulevard, Uniondale, New York, and the acquisition and installation of certain equipment, furnishings and personal property for use in the Improvements (the “Equipment”; and together with the Improvements, the “2021 Facility”), which 2021 Facility is to be used as classrooms, administrative areas and related educational uses as a charter high school, (B) paying capitalized interest on the Series 2021 Bonds; (C) funding a debt service reserve, if required, for the Series 2021 Bonds, and (D) paying certain costs of issuance of the Series 2021 Bonds. Additionally, the funds to be used for construction, equipping, and furnishing of a 30,000 square foot, three story building for the Hempstead elementary school annex; interior renovation, equipping and furnishing of the Uniondale campus building; and a construction of additional 40,000 square foot facilities at the Uniondale campus.

On July 27, 2023, the Town of Babylon L.D. Corporation II provided financing through the issuance of \$39,250,000 in Tax-Exempt Education Revenue Bonds (the “Series 2023A Bonds”), bearing interest from 5.75% to 6.65% per annum, with principal due at varying amounts annually through maturity on February 1, 2053, as well as a \$805,000 Taxable Education Revenue Bond (the “Series 2023B Bonds”), bearing interest at 7.25% due at varying amounts annually through maturity on February 1, 2027. The bonds were issued to refinance facilities acquired and renovated by TACS2 and also to finance the construction of facilities titled to FOTA, prior to transfer of title to TACS2.

THE ACADEMY CHARTER SCHOOL**Notes to the Financial Statements**

June 30, 2025 and 2024

Note 6 Bonds payable – (continued)

TACS, and TACS2, are co-obligors on all outstanding bond series including the 2023 bond series. As of February 27, 2025, title of on the building was transferred to TACS2. The transfer of title released FOTA from all obligations relating to the 2023 bond series.

The summary of bonds payable at June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Series 2017 Bonds	\$ 34,660,000	\$ 35,420,000
Series 2018 Bonds	20,050,000	20,415,000
Series 2020 Bonds	55,050,000	56,370,000
Series 2021 Bonds	<u>45,149,728</u>	<u>46,089,728</u>
Total bonds payable	154,909,728	158,294,728
Less: current portion	(3,565,000)	(3,385,000)
Less: unamortized debt issuance costs	<u>(4,528,939)</u>	<u>(4,718,300)</u>
Long-term bonds payable - net	<u>\$ 146,815,789</u>	<u>\$ 150,191,428</u>

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

<u>June 30,</u>	The Academy - Hempstead	The Academy - Uniondale	Total
2026	\$ 1,765,256	\$ 1,799,744	\$ 3,565,000
2027	1,847,053	1,887,947	3,735,000
2028	1,945,816	1,979,184	3,925,000
2029	2,056,545	2,073,455	4,130,000
2029	2,176,206	2,178,794	4,355,000
Thereafter	<u>58,366,406</u>	<u>76,833,322</u>	<u>135,199,728</u>
Total bonds payable	68,157,282	86,752,446	154,909,728
Less: current portion	(1,765,256)	(1,799,744)	(3,565,000)
Less: unamortized debt issuance costs	<u>(1,859,276)</u>	<u>(2,669,663)</u>	<u>(4,528,939)</u>
Long-term bonds payable - net	<u>\$ 64,532,750</u>	<u>\$ 82,283,039</u>	<u>\$ 146,815,789</u>

THE ACADEMY CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2025 and 2024

Note 7 Contingencies

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

TACS is party to various legal proceedings incidental to their activities. Certain claims, suits and complaints arising in the ordinary course of business have been filed or are pending against TACS. In the opinion of management and legal counsel, all such matters are without merit or are of such kind or involve such amounts that would not have a significant effect on the financial position or results of operations of TACS, if disposed of unfavorably.

Note 8 Due from affiliate

TACS assisted its affiliate, TACS2 with startup, organizational, and construction costs. As of June 30, 2025 and 2024, the total amount due to TACS was \$9,323,250, and \$2,505,243, respectively. The advances bear no interest and are subject to repayment based on approval by both boards.

TACS provides various administrative, organizational, and facility development support to TACS2. These activities primarily include assistance with construction projects and management of the operations of TACS2. TACS received management fees from TACS2 in the amount of \$324,858 and \$ for the years ended June 30, 2025 and 2024, respectively.

Note 9 Retirement plan

TACS is one of plan sponsors of The Academy Charter School 401(k) Plan (the "Plan"). Employees are eligible to participate in the Plan immediately upon employment. Participation in the Plan is voluntary. Employees can make contributions (pre-tax and Roth), up to IRS limits for each calendar year. TACS matches an employee's contribution up to 4% of the employee's annual compensation. For the years ended June 30, 2025 and 2024, TACS's matching contributions were \$863,820 and \$784,525, respectively. Such plan assets are held in a separate trust and are not included in the accompanying financial statements. All Plan assets are held for the exclusive benefit of the Plan's participants and beneficiaries. Effective January 1, 2022, the Plan was amended to allow TACS2 to become a participating Plan sponsor. As a result of this amendment, TACS2 employees are eligible to participate in the Plan immediately upon employment.

THE ACADEMY CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2025 and 2024

Note 10 Accrued salaries and other payroll-related expenses

Accrued payroll and other payroll-related expenses consist of amounts earned by the staff during the school year, but paid over the summer months, including the related payroll taxes and benefits. As of June 30, 2025 and 2024, accrued payroll amounted to \$7,549,675 and \$5,400,800, respectively. The other payroll-related accruals as of June 30, 2025 and 2024 amounted to \$1,909,975 and \$1,342,194, respectively.

Note 11 Concentrations of revenue

For the years ended June 30, 2025 and 2024, approximately 92% and 91%, respectively, of TACS's total revenue was derived from per-pupil funding. Of this per-pupil revenue, approximately 84% for each year was received from two school districts. Accordingly, TACS is economically dependent on the continued receipt of per-pupil funding, particularly from these two districts, to support its operations.

Note 12 Leases

In 2018, TACS assumed a ground lease for the land on which the acquired Uniondale property is located. The ground lease is a 99-year lease at the time it was originated in December of 1980 and expires in December of 2079. The lease payments are subject to increases on 5–10-year intervals in accordance with the payment escalation schedule in the lease agreement.

TACS also leases various office equipment. Equipment leases do not have escalating lease payments schedule and are constant for the duration of the lease. Most of the equipment leases are on 5-year lease terms.

Total operating lease costs for the years ended June 30, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Lease costs:		
Operating lease cost (cost resulting from lease payments)	\$ 600,629	\$ 600,629
Short-term lease costs	92,198	92,198
Variable lease costs (costs excluded from lease payments)	498,710	618,904
Total lease costs	<u>\$ 1,191,537</u>	<u>\$ 1,311,731</u>

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

Weighted average of remaining lease terms (years)	41.08
Weighted average discount rate	2.93%

THE ACADEMY CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2025 and 2024

Note 12 Leases – (continued)

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

<u>June 30,</u>	<u>The Academy - Hempstead</u>	<u>The Academy - Uniondale</u>	<u>Total</u>
2026	\$ 334,292	\$ 76,340	\$ 410,632
2027	295,396	76,340	371,736
2028	180,625	76,340	256,965
2029	17,742	76,340	94,082
2030	-	76,340	76,340
Thereafter	-	4,354,449	4,354,449
Total future undiscounted lease payments	828,055	4,736,149	5,564,204
Less: Present value discount	(17,234)	(2,441,076)	(2,458,310)
Lease liabilities	<u>\$ 810,821</u>	<u>\$ 2,295,073</u>	<u>\$ 3,105,894</u>

Note 13 Liquidity and availability

At June 30, 2025, financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 24,860,351	\$ 12,211,201
Accounts receivable - net	3,144,328	11,060,314
Due from government agencies	614,361	1,222,161
Total financial assets available for general expenditures within one year	<u>\$ 28,619,040</u>	<u>\$ 24,493,676</u>

These financial assets are not subject to donor or other contractual restrictions which would make them unavailable for general expenditures within one year of the balance sheet date. TACS structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, TACS may borrow from the available credit line described in Note 4.

Note 14 Subsequent events

Management has evaluated events and transactions for potential recognition or disclosure through October 30, 2025, which is the date the financial statements were available to be issued and has concluded that no subsequent events occurred that require an adjustment to or disclosure in the financial statements.

THE ACADEMY CHARTER SCHOOL
Statements of Financial Position: The Academy – Hempstead
As of June 30,

	2025	2024
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 15,280,051	\$ 9,924,117
Restricted cash and escrow reserves - bond principal and interest	3,728,228	3,729,213
Accounts receivable - net	1,729,770	7,498,202
Grants receivable - government agencies	397,252	837,598
Due from The Academy - Uniondale	5,910,114	2,017,798
Due from affiliate (TACS2)	9,323,250	2,505,243
Prepaid expenses	52,350	28,200
Total current assets	36,421,015	26,540,371
Property and equipment, net	58,746,063	61,068,116
Operating lease right-of-use assets	810,821	1,144,621
Other assets		
Restricted cash and escrow reserves	8,730,496	8,333,345
Security and other deposits	209,663	201,754
Total assets	<u>\$ 104,918,058</u>	<u>\$ 97,288,207</u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,425,251	\$ 1,139,649
Accrued salaries and other payroll-related expenses	5,209,953	4,413,152
Accrued interest payable	2,323,299	1,681,456
Bonds payable - current portion	1,765,256	1,679,527
Line of credit	8,500,000	4,000,000
Lease liabilities - operating leases - current portion	334,292	377,360
Total current liabilities	19,558,051	13,291,144
Lease liabilities - operating leases - long-term portion	476,529	767,261
Bonds payable (long-term portion; net of unamortized deferred financing costs of \$1,859,275 in 2025 and \$1,939,979 in 2024)	64,532,750	66,217,302
Total liabilities	<u>84,567,330</u>	<u>80,275,707</u>
Net assets without donor restrictions		
Undesignated	20,265,258	16,930,067
Reserve - contingency	85,470	82,433
Total net assets without donor restrictions	<u>20,350,728</u>	<u>17,012,500</u>
Total liabilities and net assets	<u>\$ 104,918,058</u>	<u>\$ 97,288,207</u>

THE ACADEMY CHARTER SCHOOL
Statements of Activities: The Academy – Hempstead
For the years ended June 30,

	<u>2025</u>	<u>2024</u>
<u>Operating revenue and other support</u>		
Public school districts		
Regular education	\$ 49,799,548	\$ 44,307,970
Special education	1,005,632	1,030,051
	<hr/>	<hr/>
Total state and local per pupil operating revenue	50,805,180	45,338,021
Grants, contracts and other support		
Federal and state grants	3,120,062	3,501,498
Contributions and private grants	901,733	10,468
Interest and other income	635,644	1,017,620
	<hr/>	<hr/>
Total operating revenue and other support	<u>55,462,619</u>	<u>49,867,607</u>
<u>Expenses</u>		
Program expenses		
Regular education	34,991,787	31,503,562
Food service	2,761,482	3,657,245
Special education	935,117	893,755
	<hr/>	<hr/>
Total program expenses	<u>38,688,386</u>	<u>36,054,562</u>
Supporting Services		
Management and general	13,436,005	11,436,927
Fundraising	-	124,444
	<hr/>	<hr/>
Total supporting services	<u>13,436,005</u>	<u>11,561,371</u>
Total program and supporting services expenses	<u>52,124,391</u>	<u>47,615,933</u>
Change in net assets	3,338,228	2,251,674
Net assets without donor restrictions - beginning of year	17,012,500	14,760,826
	<hr/>	<hr/>
Net assets without donor restrictions - end of year	<u>\$ 20,350,728</u>	<u>\$ 17,012,500</u>

THE ACADEMY CHARTER SCHOOL

Statement of Functional Expenses: The Academy – Hempstead

For the year ended June 30, 2025

	Number of Positions	Program expenses			Supporting services		Total program and supporting services	
		Regular Education	Special Education	Food Service	Total Programs	Management & General		Fundraising
Salaries								
Administrative staff personnel	58	\$ 648,737	\$ -	\$ -	\$ 648,737	\$ 5,855,097	\$ -	\$ 6,503,834
Instructional personnel	181	14,925,639	393,018	-	15,318,657	-	-	15,318,657
Noninstructional personnel	84	51,429	-	688,323	739,752	3,419,573	-	4,159,325
Total salaries	323	15,625,805	393,018	688,323	16,707,146	9,274,670	-	25,981,816
Payroll taxes and fringe benefits		4,051,570	104,615	183,220	4,339,405	2,246,094	-	6,585,499
Retirement benefits		321,072	8,076	14,143	343,291	182,158	-	525,449
Financial and administrative		9,900	-	-	9,900	460,710	-	470,610
Administrative		8,514	-	103	8,617	1,500	-	10,117
Marketing and recruitment		86,207	-	-	86,207	-	-	86,207
Insurance		239,427	6,022	10,547	255,996	98,693	-	354,689
Legal and professional		426,647	6,019	104,106	536,772	148,517	-	685,289
Repairs and maintenance		1,939,986	-	16,040	1,956,026	2,564	-	1,958,590
Equipment leasing and maintenance		1,769,114	31,257	15,119	1,815,490	98,744	-	1,914,234
Staff development		250,320	147,136	-	397,456	1,337	-	398,793
Food costs		-	-	1,430,554	1,430,554	-	-	1,430,554
Student services and activities		2,112,193	61,615	4,683	2,178,491	-	-	2,178,491
Supplies and instructional materials		954,627	23,969	3,609	982,205	75,447	-	1,057,652
Telephone and internet services		657,547	14,244	26,874	698,665	68,868	-	767,533
Occupancy		313,011	6,871	12,034	331,916	112,610	-	444,526
Other expenses		225,095	2,886	8,200	236,181	59,273	-	295,454
Interest expense - facilities loans		3,471,979	75,212	141,899	3,689,090	363,637	-	4,052,727
Depreciation		2,474,295	52,807	99,628	2,626,730	218,727	-	2,845,457
Amortization		54,478	1,370	2,400	58,248	22,456	-	80,704
Total operating expenses		19,365,982	542,099	2,073,159	21,981,240	4,161,335	-	26,142,575
Total expenses		\$ 34,991,787	\$ 935,117	\$ 2,761,482	\$ 38,688,386	\$ 13,436,005	\$ -	\$ 52,124,391

THE ACADEMY CHARTER SCHOOL
Statements of Financial Position: The Academy – Uniondale
As of June 30,

	2025	2024
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 9,580,300	\$ 2,287,084
Restricted cash and escrow reserves - bond principal and interest	2,640,890	2,610,428
Accounts receivable - net	1,414,558	3,562,112
Grants receivable - government agencies	217,109	384,563
Prepaid expenses	58,500	-
	13,911,357	8,844,187
Property and equipment, net	70,506,300	74,771,080
Operating lease right-of-use assets	2,213,437	2,227,634
Other assets		
Restricted cash and escrow reserves	5,650,587	5,396,081
Security and other deposits	29,925	29,925
	\$ 92,311,606	\$ 91,268,907
	\$ 92,311,606	\$ 91,268,907
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,187,857	\$ 1,079,962
Accrued salaries and other payroll-related expenses	4,249,697	2,329,842
Accrued interest payable	398,636	1,098,767
Bonds payable - current portion	1,799,744	1,705,473
Due to The Academy - Hempstead	5,910,114	2,017,798
Lease liabilities - operating leases - current portion	76,340	70,685
	13,622,388	8,302,527
Total current liabilities	13,622,388	8,302,527
Lease liabilities - operating leases - long-term portion	2,218,733	2,238,585
Bonds payable (long-term portion; net of unamortized deferred financing costs of \$2,669,664 in 2025 and \$2,778,321 in 2024)	82,283,039	83,974,126
	98,124,160	94,515,238
Total liabilities	98,124,160	94,515,238
Net assets without donor restrictions		
Undesignated	(5,923,675)	(3,355,935)
Reserve - contingency	111,121	109,604
	(5,812,554)	(3,246,331)
Total net assets without donor restrictions	(5,812,554)	(3,246,331)
Total liabilities and net assets	\$ 92,311,606	\$ 91,268,907
	\$ 92,311,606	\$ 91,268,907

THE ACADEMY CHARTER SCHOOL
Statements of Activities: The Academy – Uniondale
For the years ended June 30,

	<u>2025</u>	<u>2024</u>
<u>Operating revenue and other support</u>		
Public school districts		
Regular education	\$ 37,550,792	\$ 34,238,820
Special education	381,246	342,354
	<u>37,932,038</u>	<u>34,581,174</u>
Total state and local per pupil operating revenue		
Grants, contracts and other support		
Federal and state grants	2,279,712	2,820,765
Contributions and private grants	340,172	-
Interest and other income	769,623	544,736
	<u>41,321,545</u>	<u>37,946,675</u>
Total operating revenue and other support		
<u>Expenses</u>		
Program Expenses		
Regular education	29,108,805	26,395,050
Food service	2,489,541	2,713,779
Special education	497,910	962,231
	<u>32,096,256</u>	<u>30,071,060</u>
Total program expenses		
Supporting Services		
Management and general	11,791,512	8,748,098
Fundraising	-	100,055
	<u>11,791,512</u>	<u>8,848,153</u>
Total supporting services		
Total program and supporting services expenses	<u>43,887,768</u>	<u>38,919,213</u>
Change in net assets	(2,566,223)	(972,538)
Net assets without donor restrictions - beginning of year	<u>(3,246,331)</u>	<u>(2,273,793)</u>
Net assets without donor restrictions - end of year	<u>\$ (5,812,554)</u>	<u>\$ (3,246,331)</u>

THE ACADEMY CHARTER SCHOOL
Statement of Functional Expenses: The Academy – Uniondale
For the year ended June 30, 2025

	Number of Positions	Program expenses			Supporting services		Total program and supporting services	
		Regular Education	Special Education	Food Service	Total Programs	Management & General		Fundraising
Salaries								
Administrative staff personnel	12	\$ 509,279	\$ -	\$ -	\$ 509,279	\$ 4,538,199	\$ -	\$ 5,047,478
Instructional personnel	160	12,434,994	215,239	-	12,650,233	-	-	12,650,233
Noninstructional personnel	69	42,913	-	545,670	588,583	2,826,552	-	3,415,135
Total salaries	241	12,987,186	215,239	545,670	13,748,095	7,364,751	-	21,112,846
Payroll taxes and fringe benefits		3,161,891	54,340	137,760	3,353,991	1,707,585	-	5,061,576
Retirement benefits		205,637	3,408	8,640	217,685	120,686	-	338,371
Financial and administrative		8,900	-	-	8,900	358,007	-	366,907
Administrative		-	-	410	410	4,500	-	4,910
Marketing and recruitment		70,306	-	-	70,306	-	-	70,306
Insurance		294,781	-	-	294,781	-	-	294,781
Legal and professional		276,888	-	108,875	385,763	110,758	-	496,521
Repairs and maintenance		1,375,408	17,575	76,159	1,469,142	98,126	-	1,567,268
Equipment leasing and maintenance		303,884	4,671	15,351	323,906	115,063	-	438,969
Staff development		144,595	2,396	-	146,991	-	-	146,991
Food costs		403,913	-	1,272,097	1,676,010	-	-	1,676,010
Student services and activities		1,477,043	42,374	3,892	1,523,309	-	-	1,523,309
Supplies and instructional materials		599,765	9,937	1,563	611,265	42,066	-	653,331
Telephone and internet services		63,248	1,048	2,657	66,953	24,495	-	91,448
Occupancy		305,989	3,900	9,887	319,776	91,130	-	410,906
Other expenses		71,696	793	2,009	74,498	31,220	-	105,718
Interest expense - facilities loans		3,986,532	86,359	162,928	4,235,819	417,530	-	4,653,349
Depreciation		3,295,993	54,625	138,485	3,489,103	1,276,490	-	4,765,593
Amortization		75,150	1,245	3,158	79,553	29,105	-	108,658
Total operating expenses		16,121,619	282,671	1,943,871	18,348,161	4,426,761	-	22,774,922
Total expenses		\$ 29,108,805	\$ 497,910	\$ 2,489,541	\$ 32,096,256	\$ 11,791,512	\$ -	\$ 43,887,768

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

To the Board of Trustees of
The Academy Charter School
Hempstead, 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 The Academy Charter School (a nonprofit organization), 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 the financial statements, and have issued our report thereon dated October 30, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Academy Charter 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 organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

NChing LLP

New York, New York
October 30, 2025