

University Prep Public Charter Schools

Financial Report

June 30, 2025



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Independent Auditor's Report

The Board of Trustees
University Prep Public Charter Schools

Opinion

We have audited the accompanying combined and combining financial statements of University Prep Public Charter Schools (the School), which comprise the combined statements of financial position as of June 30, 2025, and 2024, and the related combining statements of activities and functional expenses and combined statements of cash flows for the years then ended, and the related notes to the combined and combining financial statements.

In our opinion, the combined and combining financial statements referred to above present fairly, in all material respects, the financial position of University Prep Public Charter Schools 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 Combined and Combining Financial Statements section of our report. We are required to be independent of University Prep Public Charter Schools and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined and Combining Financial Statements

Management is responsible for the preparation and fair presentation of the combined and combining 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 combined and combining financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined and combining financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about University Prep Public Charter Schools' ability to continue as a going concern within one year after the date that the combined and combining financial statements are available to be issued.

Auditor's Responsibilities for the Audits of the Combined and Combining Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined and combining 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, including omissions, 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 combined and combining 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 combined and combining 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 combined and combining 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 University Prep Public Charter Schools' 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 combined and combining financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about University Prep Public Charter Schools' 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 30, 2025, on our consideration of University Prep Public Charter Schools' 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 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 University Prep Public Charter Schools' 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 University Prep Public Charter Schools' internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

New York, New York
October 30, 2025

University Prep Public Charter Schools

Combined Statements of Financial Position

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 3,786,163	\$ 5,297,899
Restricted cash	157,159	154,983
Investments, at fair value	3,113,337	-
Grants and other receivables	563,925	1,686,034
Prepaid expenses	266,402	518,317
Property assets, net	1,612,084	1,846,682
Right-of-use assets - operating lease	436,152	405,062
	<hr/>	<hr/>
Total assets	9,935,222	9,908,977
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	605,499	368,007
Accrued payroll and payroll taxes	1,336,198	1,297,231
Accrued sick pay	415,712	401,666
Operating lease liability	472,287	428,723
	<hr/>	<hr/>
Total liabilities	2,829,696	2,495,627
NET ASSETS		
Without donor restrictions	7,105,526	7,413,350
	<hr/>	<hr/>
Total net assets	7,105,526	7,413,350
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,935,222</u>	<u>\$ 9,908,977</u>

The Notes to Combined and Combining Statements are an integral part of these statements.

University Prep Public Charter Schools

Combining Statements of Activities

Year Ended June 30, 2025

	High School			Middle School			Total		
	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions
REVENUES									
Local per pupil operating revenue - resident student enrollment	\$ 8,415,196	\$ 8,415,196	\$ -	\$ 7,968,347	\$ 7,968,347	\$ -	\$ 16,383,543	\$ 16,383,543	\$ -
Local per pupil operating revenue - students with disabilities	1,372,261	1,372,261	-	1,455,817	1,455,817	-	2,828,078	2,828,078	-
Government grants	481,999	481,999	-	451,491	451,491	-	933,490	933,490	-
Contributed rent	2,525,662	2,525,662	-	2,391,689	2,391,689	-	4,917,351	4,917,351	-
Contributions	107,503	107,503	-	79,673	79,673	-	187,176	187,176	-
Fundraising	-	-	-	4,282	4,282	-	4,282	4,282	-
Net appreciation in fair value of investments	10,642	10,642	-	8,707	8,707	-	19,349	19,349	-
Interest income	90,715	90,715	-	66,538	66,538	-	157,253	157,253	-
Other income	-	-	-	-	-	-	-	-	-
Total revenue	13,003,978	13,003,978	-	12,426,544	12,426,544	-	25,430,522	25,430,522	-
EXPENSES									
Program services									
Regular education	9,233,624	9,233,624	-	7,543,428	7,543,428	-	16,777,052	16,777,052	-
Special education	2,471,662	2,471,662	-	3,057,003	3,057,003	-	5,528,665	5,528,665	-
Supporting services									
Management and general	1,534,087	1,534,087	-	1,898,542	1,898,542	-	3,432,629	3,432,629	-
Fundraising	-	-	-	-	-	-	-	-	-
Total expenses	13,239,373	13,239,373	-	12,498,973	12,498,973	-	25,738,346	25,738,346	-
Change in net assets	(235,395)	(235,395)	-	(72,429)	(72,429)	-	(307,824)	(307,824)	-
NET ASSETS, beginning of year	4,167,310	4,167,310	-	3,246,040	3,246,040	-	7,413,350	7,413,350	-
NET ASSETS, end of year	\$ 3,931,915	\$ 3,931,915	\$ -	\$ 3,173,611	\$ 3,173,611	\$ -	\$ 7,105,526	\$ 7,105,526	\$ -

The Notes to Combined and Combining Statements are an integral part of this statement.

University Prep Public Charter Schools

Combining Statements of Activities

Year Ended June 30, 2024

	High School			Middle School			Total		
	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions
REVENUE									
Local per pupil operating revenue - resident student enrollment	\$ 7,686,956	\$ 7,686,956	\$ -	\$ 6,708,484	\$ 6,708,484	\$ -	\$ 14,395,440	\$ 14,395,440	\$ -
Local per pupil operating revenue - students with disabilities	1,119,687	1,119,687	-	1,288,359	1,288,359	-	2,408,046	2,408,046	-
Other grants	206,672	206,672	-	195,714	195,714	-	402,386	402,386	-
Government grants	890,396	890,396	-	935,110	935,110	-	1,825,506	1,825,506	-
Contributed rent	2,308,364	2,308,364	-	2,015,795	2,015,795	-	4,324,159	4,324,159	-
Contributions	42,504	42,504	-	187,765	187,765	-	230,269	230,269	-
Fundraising	14,051	14,051	-	11,025	11,025	-	25,076	25,076	-
Interest income	44,702	44,702	-	37,388	37,388	-	82,090	82,090	-
Other income	294,957	294,957	-	164,311	164,311	-	459,268	459,268	-
Total revenue	12,608,289	12,608,289	-	11,543,951	11,543,951	-	24,152,240	24,152,240	-
EXPENSES									
Program services									
Regular education	8,983,839	8,983,839	-	7,609,998	7,609,998	-	16,593,837	16,593,837	-
Special education	2,418,063	2,418,063	-	2,542,271	2,542,271	-	4,960,334	4,960,334	-
Supporting services									
Management and general	1,551,675	1,551,675	-	1,775,629	1,775,629	-	3,327,304	3,327,304	-
Total expenses	12,953,577	12,953,577	-	11,927,898	11,927,898	-	24,881,475	24,881,475	-
Change in net assets	(345,288)	(345,288)	-	(383,947)	(383,947)	-	(729,235)	(729,235)	-
NET ASSETS, beginning of year	4,512,598	4,512,598	-	3,629,987	3,629,987	-	8,142,585	8,142,585	-
NET ASSETS, end of year	\$ 4,167,310	\$ 4,167,310	\$ -	\$ 3,246,040	\$ 3,246,040	\$ -	\$ 7,413,350	\$ 7,413,350	\$ -

The Notes to Combined and Combining Statements are an integral part of this statement.

University Prep Public Charter Schools

Combining Statements of Functional Expenses

Year Ended June 30, 2025

	High School				Middle School				Total			
	Program Services		Supporting Services		Program Services		Supporting Services		Program Services		Supporting Services	
	Regular Education	Special Education	Management and General	Total	Regular Education	Special Education	Management and General	Total	Regular Education	Special Education	Management and General	Total
Salaries - instructional personnel	\$ 3,410,754	\$ 1,029,417	\$ -	\$ 4,440,171	\$ 2,364,917	\$ 1,299,557	\$ -	\$ 3,664,474	\$ 5,775,671	\$ 2,328,974	\$ -	\$ 8,104,645
Salaries - administrative staff personnel	1,249,890	245,201	556,709	2,051,800	1,022,091	202,718	663,925	1,888,734	2,271,981	447,919	1,220,634	3,940,534
Payroll taxes	354,625	97,160	42,672	494,457	246,887	109,278	48,568	404,733	601,512	206,438	91,240	899,190
Employee benefits	1,197,897	328,202	144,142	1,670,241	837,756	370,810	164,804	1,373,370	2,035,653	699,012	308,946	3,043,611
Provision for sick pay	233	41	48	322	9,915	1,750	2,059	13,724	10,148	1,791	2,107	14,046
In-kind rent	1,811,405	496,293	217,965	2,525,663	1,458,930	645,756	287,003	2,391,689	3,270,335	1,142,049	504,968	4,917,352
Classroom textbooks and supplies	475,673	104,416	-	580,089	470,442	117,610	-	588,052	946,115	222,026	-	1,168,141
Office furniture and equipment	-	-	37,466	37,466	-	-	127,956	127,956	-	-	165,422	165,422
Consulting	270,713	63,520	41,677	375,910	488,330	131,722	43,272	663,324	759,043	195,242	84,949	1,039,234
Financial management services	-	-	185,824	185,824	-	-	150,391	150,391	-	-	336,215	336,215
School uniforms	13,593	2,984	-	16,577	37,617	9,404	-	47,021	51,210	12,388	-	63,598
Insurance	37,119	10,166	66,259	113,544	25,826	11,455	65,187	102,468	62,945	21,621	131,446	216,012
Telephone and internet	66,514	18,223	8,004	92,741	50,728	22,454	9,979	83,161	117,242	40,677	17,983	175,902
Meetings and conferences	17,166	3,768	6,978	27,912	7,636	1,878	3,172	12,686	24,802	5,646	10,150	40,598
Auditing	-	-	22,688	22,688	-	-	18,563	18,563	-	-	41,251	41,251
Teacher recruitment	771	169	313	1,253	1,781	445	742	2,968	2,552	614	1,055	4,221
Student recruitment	15,130	3,321	6,151	24,602	25,988	6,497	10,829	43,314	41,118	9,818	16,980	67,916
Printing and copying	31,530	6,921	12,817	51,268	34,959	8,740	14,566	58,265	66,489	15,661	27,383	109,533
Office supplies	-	-	61,628	61,628	-	-	106,938	106,938	-	-	168,566	168,566
Postage	1,159	318	139	1,616	88	40	17	145	1,247	358	156	1,761
Food service	24,780	5,439	-	30,219	52,108	13,027	-	65,135	76,888	18,466	-	95,354
Repairs and maintenance	3,661	1,003	440	5,104	10,399	4,603	2,046	17,048	14,060	5,606	2,486	22,152
Payroll processing	-	-	5,144	5,144	-	-	4,378	4,378	-	-	9,522	9,522
Student services	79,973	17,555	-	97,528	162,546	40,637	-	203,183	242,519	58,192	-	300,711
Depreciation	171,038	37,545	12,920	221,503	234,484	58,622	31,563	324,669	405,522	96,167	44,483	546,172
Miscellaneous	-	-	104,103	104,103	-	-	142,584	142,584	-	-	246,687	246,687
TOTAL EXPENSES	\$ 9,233,624	\$ 2,471,662	\$ 1,534,087	\$ 13,239,373	\$ 7,543,428	\$ 3,057,003	\$ 1,898,542	\$ 12,498,973	\$ 16,777,052	\$ 5,528,665	\$ 3,432,629	\$ 25,738,346

The Notes to Combined and Combining Statements are an integral part of this statement.

University Prep Public Charter Schools

Combining Statements of Functional Expenses

Year Ended June 30, 2024

	High School				Middle School				Total			
	Supporting			Total	Supporting			Total	Supporting			Total
	Program Services		Services		Program Services		Services		Program Services		Services	
	Regular Education	Special Education	Management and General	Regular Education	Special Education	Management and General	Regular Education	Special Education	Management and General			
Salaries - instructional personnel	\$ 3,186,670	\$ 1,000,316	\$ -	\$ 4,186,986	\$ 2,629,564	\$ 1,071,720	\$ -	\$ 3,701,284	\$ 5,816,234	\$ 2,072,036	\$ -	\$ 7,888,270
Salaries - administrative staff personnel	1,210,192	231,060	519,156	1,960,408	920,743	186,403	676,947	1,784,093	2,130,935	417,463	1,196,103	3,744,501
Payroll taxes	338,128	94,797	40,114	473,039	254,228	89,958	46,934	391,120	592,356	184,755	87,048	864,159
Employee benefits	1,037,810	290,959	123,120	1,451,889	778,467	275,458	143,717	1,197,642	1,816,277	566,417	266,837	2,649,531
Provision for sick pay	7,116	1,256	1,477	9,849	5,822	1,027	1,209	8,058	12,938	2,283	2,686	17,907
In-kind rent	1,650,019	462,596	195,749	2,308,364	1,310,267	463,633	241,895	2,015,795	2,960,286	926,229	437,644	4,324,159
Classroom textbooks and supplies	536,137	109,811	-	645,948	545,992	136,498	-	682,490	1,082,129	246,309	-	1,328,438
Office furniture and equipment	-	-	63,851	63,851	-	-	67,328	67,328	-	-	131,179	131,179
Consulting	479,369	107,018	24,223	610,610	478,277	130,421	31,776	640,474	957,646	237,439	55,999	1,251,084
Financial management services	-	-	224,289	224,289	-	-	182,673	182,673	-	-	406,962	406,962
School uniforms	34,515	7,069	-	41,584	51,674	12,918	-	64,592	86,189	19,987	-	106,176
Insurance	27,484	7,706	65,030	100,220	20,339	7,220	54,443	82,002	47,823	14,926	119,473	182,222
Telephone and internet	90,775	25,449	10,769	126,993	101,620	35,958	18,761	156,339	192,395	61,407	29,530	283,332
Meetings and conferences	9,866	2,021	3,962	15,849	5,905	1,472	2,459	9,836	15,771	3,493	6,421	25,685
Auditing	-	-	19,875	19,875	-	-	19,914	19,914	-	-	39,789	39,789
Teacher recruitment	3,568	731	1,433	5,731	17,283	4,321	7,201	28,805	20,851	5,052	8,634	34,537
Student recruitment	42,590	8,723	17,105	68,418	47,849	11,962	19,938	79,749	90,439	20,685	37,043	148,167
Printing and copying	22,553	4,619	9,058	36,230	23,170	5,792	9,654	38,616	45,723	10,411	18,712	74,846
Office supplies	-	-	73,166	73,166	-	-	103,256	103,256	-	-	176,422	176,422
Postage	180	51	21	252	824	292	152	1,268	1,004	343	173	1,520
Food service	34,366	7,039	-	41,405	46,727	11,682	-	58,409	81,093	18,721	-	99,814
Repairs and maintenance	13,628	3,820	1,617	19,065	26,232	9,282	4,843	40,357	39,860	13,102	6,460	59,422
Payroll processing	-	-	5,881	5,881	-	-	4,830	4,830	-	-	10,711	10,711
Student services	91,071	18,653	-	109,724	116,766	29,192	-	145,958	207,837	47,845	-	255,682
Depreciation	167,802	34,369	6,396	208,568	228,249	57,062	40,044	325,355	396,051	91,431	46,440	533,922
Miscellaneous	-	-	145,383	145,383	-	-	97,655	97,655	-	-	243,038	243,038
TOTAL EXPENSES	\$ 8,983,839	\$ 2,418,063	\$ 1,551,675	\$ 12,953,577	\$ 7,609,998	\$ 2,542,271	\$ 1,775,629	\$ 11,927,898	\$ 16,593,837	\$ 4,960,334	\$ 3,327,304	\$ 24,881,475

The Notes to Combined and Combining Statements are an integral part of this statement.

University Prep Public Charter Schools

Combined Statements of Cash Flows

Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (307,824)	\$ (729,235)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net appreciation in fair value of investments	(19,349)	-
Depreciation	546,172	533,922
(Increase) decrease in operating assets		
Grants and other receivables	1,122,109	2,930,132
Prepaid expenses	251,915	(335,525)
Lease asset	(31,090)	(107,559)
(Decrease) increase in operating liabilities		
Accounts payable and accrued expenses	237,492	(95,503)
Accrued payroll and payroll taxes	38,967	70,397
Accrued sick pay	14,046	17,907
Lease liability	43,564	127,598
	1,896,002	2,412,134
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase of) investment	(3,093,988)	-
(Additions) to furniture and equipment	(321,267)	(419,699)
(Refund) to furniture and equipment	9,693	16,109
	(3,405,562)	(403,590)
Net cash (used in) investing activities		
	(3,405,562)	(403,590)
Net increase in cash and cash equivalents and restricted cash	(1,509,560)	2,008,544
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	5,452,882	3,444,338
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, end of year	\$ 3,943,322	\$ 5,452,882

The Notes to Combined and Combining Statements are an integral part of these statements.

University Prep Public Charter Schools

Notes to Combined and Combining Financial Statements

Note 1. Nature of Organization, Mission Statement and Principles of Combination

Nature of Organization

The University Prep Charter High School was formed to operate a high school (the High School or Charter School) under an education corporation that operates charter schools in the borough of the Bronx, New York. On January 15, 2008, the Board of Regents of the University of the State of New York for and on behalf of the Education Department of the State of New York granted the High School a provisional charter valid for a term of five years from the effective date of January 15, 2008, and renewable upon expiration. On February 26, 2013, the Charter School's Committee approved a renewal for a full term of five years through July 31, 2018. In May 2023, the Charter School's Committee approved a renewal for a full term of six years through July 31, 2029, for both the Middle School and High School.

Effective September 2019, the University Prep Charter High School launched its Middle School for Grades 5 and 6. University Prep Charter Middle School (the Middle School) is committed to building a scholarly community that prepares all students to gain entry to and succeed at University Prep Charter High School and then in a college of their choice and beyond. The schools are operating under two separate charters. However, the schools share the same IRS EIN number and will be reported under one financial statement.

On January 6, 2020, the name of the Charter School was changed to the University Prep Public Charter Schools.

Mission Statement

The School's mission is to prepare all students to achieve academic and personal excellence and to graduate students fully prepared for a demanding secondary education, and to help prepare students for meaningful lives as full democratic citizens in a free society.

Principles of Combination

The combined and combining financial statements include the accounts of the High School and the Middle School, (collectively referred to as the school). All significant intercompany balances and transactions have been eliminated in combination.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

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

Basis of Presentation

The School reports information regarding its financial position and activities according to the following net asset classifications: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions

Are not restricted by donors/grantors, or the donor/grantor-imposed restrictions have expired.

Net Assets with Donor Restrictions

Contain donor/grantor-imposed restrictions that permit the School to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by action of the School.

University Prep Public Charter Schools

Notes to Combined and Combining Financial Statements

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as released from purpose restrictions in the combining statements of activities.

Use of Estimates

The preparation of combined and combining financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of combined and combining financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The School considers all highly liquid investments with a maturity of three months or less at time of purchase to be cash equivalents.

Grants Receivable

Unconditional grants receivable are recognized as revenue in the period in which the grants are awarded. Conditional grants receivable are recognized when the conditions on which they depend are substantially met.

Restricted Cash

Under the provisions of the charter, the School has restricted the cash balance in the escrow account to pay for any legal and audit expenses that would be associated with dissolution, should it occur. The balance in the escrow account is \$150,000 plus interest earned.

Property Assets

Property assets are recorded at cost. Assets acquired by utilizing government funds may be subject to granting agency disposition requirements.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from five to ten years.

Contributions and Grants

Contributions and grant revenue received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restricted support that increases that net asset class. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combining statements of activities as net assets released from purpose restrictions.

Local Per Pupil Operating Revenue

Revenue from the local government resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement.

University Prep Public Charter Schools

Notes to Combined and Combining Financial Statements

Promises to Give

Conditional promises to give are not included as support until the conditions are substantially met. Unconditional promises to give are recognized in the period received.

Functional Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the accompanying combining statements of activities. Accordingly, certain costs have been allocated among the program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries, payroll taxes, and employee benefits	Time and effort
Classroom textbooks, supplies	Purpose of expenditure
Consulting	Purpose of expenditure
School uniforms, student testing materials and services	Purpose of expenditure
Meetings and conferences	Time and effort
Telephone and internet	Time and effort
Insurance	Time and effort
Teacher and student recruitment	Time and effort
Printing and copying	Time and effort
Office supplies	Purpose of expenditure
Postage	Time and effort
Teachers' discretionary	Time and effort
Student trips, transportation, food service	Purpose of expenditure
Repairs and maintenance	Purpose of expenditure
Payroll processing	Time and effort
Depreciation	Purpose of expenditure
Miscellaneous	Time and effort

Leases

The School determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be a lease or contain a lease if the contract conveys the right to control the use of the identified property, plant, or equipment in exchange for consideration. The School determines these assets are leased because the School has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the School determines it does not have the right to control and direct the use of the identified asset. The School's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

University Prep Public Charter Schools

Notes to Combined and Combining Financial Statements

In evaluating its contracts, the School separately identifies lease and nonlease components, such as common area and other maintenance costs, in calculating the right of use (ROU) assets and lease liabilities for its leased equipment. The School has elected the practical expedient to not separate lease and nonlease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the nonlease component.

Leases result in the recognition of ROU assets and lease liabilities on the balance sheet. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The School determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The School uses the implicit rate when readily determinable. As most leases do not provide an implicit rate, the School uses a risk-free rate to determine the present value of lease payments when the implicit rate is not determinable.

The lease term may include options to extend or to terminate the lease that the School is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

Subsequent Events

The School has evaluated subsequent events and transactions through October 30, 2025, the date that the combined and combining financial statements were available to be issued.

Note 3. Cash and Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the statements of financial position to the total amounts shown in the statements of cash flows for the years ended June 30, 2025 and 2024:

	2025	2024
Cash and cash equivalents	\$ 3,786,163	\$ 5,297,899
Restricted cash	157,159	154,983
 Total cash and cash equivalents and restricted cash shown in the statements of cash flows	 \$ 3,943,322	 \$ 5,452,882

See Note 2 for a description of restricted cash.

Note 4. Fair Value Measurement

The School records its investments at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instrument or market and the instrument's complexity. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

University Prep Public Charter Schools

Notes to Combined and Combining Financial Statements

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs), and the lowest priority to unobservable inputs (Level 3 inputs). The three levels of the fair value hierarchy are described below:

Level 1 inputs	Unadjusted, quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
Level 2 inputs	Inputs (other than quoted market prices included within Level 1) that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and fair value is determined through the use of models or other valuation techniques.
Level 3 inputs	Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. Fair value for these investments is determined using valuation methodologies that consider a range of factors including but not limited to the nature of the investment, market conditions, current and projected operating performance and changes in operating characteristics of the investment.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2025 and 2024:

U.S. government and governmental agencies obligations: U.S. treasury securities are valued as determined by quoted market prices in active markets. Governmental agencies obligations include agency-issued debt which is valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities.

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2025 and 2024:

	2025	2024
Level 1:		
U.S. treasury securities	\$ 3,113,337	\$ -
Total assets in the fair value hierarchy	3,113,337	-
Investments at fair value	\$ 3,113,337	\$ -

Note 5. Property Assets, Net

Property assets, net, at June 30, 2025 and 2024 consisted of:

	2025	2024
Classroom and office furniture	\$ 855,199	\$ 801,382
Leasehold improvements	742,214	742,214
Classroom and office computers and equipment	2,967,175	2,699,725
	4,564,588	4,243,321
Less accumulated depreciation	(2,952,504)	(2,396,639)
Property assets, net	\$ 1,612,084	\$ 1,846,682

During the years ended June 30, 2025 and 2024, depreciation expense amounted to \$546,172 and \$533,922, respectively.

University Prep Public Charter Schools

Notes to Combined and Combining Financial Statements

Note 6. Leases

Operating Leases

The School leases certain office equipment under agreements that are classified as operating leases. The operating leases include a fixed base fee. The leases are noncancelable unless there is a violation under the lease agreement.

For the year ended June 30, 2025, the base lease cost was \$126,969 and the straight-line adjustment was \$0, for a total equipment lease expense of \$127,389. Equipment lease expense is included in office furniture and equipment on the financials.

The weighted average operating lease term is 4 years. The weighted average rate implicit in the operating lease is 4.11%.

The maturity analysis and reconciliation to the statement of financial position at June 30, 2025, are as follows:

Years Ending	Operating Lease
June	
2026	\$ 129,789
2027	129,789
2028	126,120
2029	107,775
2030	6,956
Total future undiscounted lease payments	500,429
Less present value discount	(28,142)
Operating lease liabilities	<u>\$ 472,287</u>

Note 7. Net Asset With Donor Restrictions

At June 30, 2025 and 2024, there were no net assets with donor restrictions.

Effective September 17, 2010, the State of New York adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA).

University Prep Public Charter Schools

Notes to Combined and Combining Financial Statements

Note 8. Contributions of Nonfinancial Assets

The School's policy is to utilize all contributed nonfinancial assets. For the years ended June 30, 2025 and 2024, the School recognized contributed nonfinancial assets within the combining statements of activities as follows:

	2025	2024
Use of facilities	\$ 4,917,351	\$ 4,324,159
Total contributed nonfinancial assets	\$ 4,917,351	\$ 4,324,159

The use of the facilities is restricted to school and administrative activities. Because the restriction is met in the year it is made, the contributed use of facilities is recorded as contributions without donor restrictions.

The School uses the facilities for classrooms and administrative offices. In valuing the contributed space in the school buildings, which are located in Bronx, NY, University Prep Public Charter Schools estimated the fair value on the basis of financial information provided to the School under the New York City School Rental Assistance Program. This estimate is in line with the fair value of comparable rental prices in the local real estate market.

Note 9. Pension Plan

The School participates in a multiple-employer plan that provides benefits to certain contract labor covered by a collective bargaining agreement which expires August 31, 2025. The School contributed \$1,176,111 and \$980,108 to the Teachers' Retirement System of the City of New York during the years ended June 30, 2025 and 2024, respectively. The most recent Pension Protection Act (PPA) zone status is not applicable because it is a government plan. As of the most current report on file with the City of New York's Office of the Actuary, which is for the fiscal years ending June 30, 2025 and 2024, total plan net assets were \$82,055,896,000 and \$74,488,389,000, respectively, and the accumulated benefit obligations were \$90,728,118,514 and \$86,909,914,417, respectively.

Note 10. Concentrations

Credit Risk

The School maintains accounts at high quality financial institutions. While the School attempts to limit any financial exposure, its deposit balances may, at times, exceed federally insured limits. The School has not experienced any losses on such accounts.

Significant Funding

The School has entered into service contracts and grant agreements with New York State and New York City government agencies that are subject to business risks associated with the economy and administrative directives, rules and regulations that are subject to change. A significant reduction in revenue from these various governmental agency contracts would have an adverse effect on the School's operations.

University Prep Public Charter Schools

Notes to Combined and Combining Financial Statements

Note 11. Availability and Liquidity

Financial assets consist of the following at June 30, 2025 and 2024:

	2025	2024
Financial assets at year end		
Cash and cash equivalents	\$ 3,786,163	\$ 5,297,899
Grants and other receivables	563,925	1,686,034
Financial assets available to meet general expenditures over the next twelve months	\$ 4,350,088	\$ 6,983,933

The School's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$6,435,000). As part of its liquidity plan, excess cash is maintained in an interest-bearing bank account at an FDIC insured institution.

Note 12. Tax Status

The School has been determined by the Internal Revenue Service (the IRS) to be exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code (the IRC).

The School files an annual return Form 990, *Return of Organization Exempt from Income Tax*, with the IRS. At June 30, 2025, the School's Form 990s for the years 2021 through 2025 remain eligible for examination by the IRS.

Internal Control

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
University Prep Public Charter Schools

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 combined and combining financial statements of University Prep Public Charter Schools, which comprise the combined statement of financial position as of June 30, 2025 and the related combining statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined and combining financial statements, and have issued our report thereon dated October 30, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the combined and combining financial statements, we considered University Prep Public Charter Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined and combining financial statements, but not for the purpose of expressing an opinion on the effectiveness of University Prep Public Charter Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of University Prep Public Charter Schools' 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 combined and combining 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether University Prep Public Charter Schools' combined and combining 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 determination of combined and combining 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 University Prep Public Charter Schools' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University Prep Public Charter Schools' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

New York, New York
October 30, 2025