

**UNIVERSITY PREPARATORY CHARTER
SCHOOL FOR YOUNG MEN**

FINANCIAL STATEMENTS

June 30, 2025



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
University Preparatory Charter School for Young Men
Rochester, New York

Opinion

We have audited the accompanying financial statements of University Preparatory Charter School for Young Men (a New York State 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University Preparatory Charter School for Young Men as of June 30, 2025, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of University Preparatory Charter School for Young Men and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 University Preparatory Charter School for Young Men's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 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 University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men's ability to continue as a going concern for a reasonable period of time.

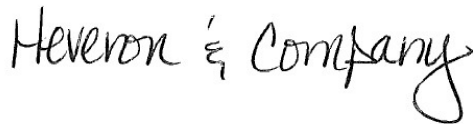
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited University Preparatory Charter School for Young Men's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 2024. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2024, is consistent in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2025 on our consideration of University Preparatory Charter School for Young Men's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men's internal control over financial reporting and compliance.



Heveron & Company
Certified Public Accountants

Rochester, New York
October 28, 2025

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

ASSETS

	<u>2025</u>	<u>2024</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 3,586,091	\$ 3,219,667
Grants Receivable	323,551	1,133,052
Accounts Receivable	48,765	177,641
Prepaid Expenses	<u>-</u>	<u>122,960</u>
 Total Current Assets	 <u>3,958,407</u>	 <u>4,653,320</u>
<u>Property and Equipment</u>		
Building and Improvements	5,953,911	5,945,313
Furniture and Fixtures	1,053,568	1,051,529
Vehicles	268,633	259,048
Less: Accumulated Depreciation	<u>(4,112,828)</u>	<u>(3,694,529)</u>
 Net Property and Equipment	 <u>3,163,284</u>	 <u>3,561,361</u>
<u>Other Assets</u>		
Investments	1,620,023	1,562,287
Escrow Account	77,444	77,289
Right-of-Use Assets - Operating Lease	121,805	-
Deposits	<u>-</u>	<u>100,000</u>
 Total Other Assets	 <u>1,819,272</u>	 <u>1,739,576</u>
 TOTAL ASSETS	 <u>\$ 8,940,963</u>	 <u>\$ 9,954,257</u>

LIABILITIES AND NET ASSETS

	2025	2024
<u>Current Liabilities</u>		
Accounts Payable	\$ 71,489	\$ 109,775
Accrued Payroll and Payroll Taxes	1,258,094	1,110,340
Refundable Advance	14,749	37,615
Current Portion of Operating Lease Liabilities	23,712	-
Total Current Liabilities	1,368,044	1,257,730
<u>Long-Term Debt</u>		
Long-Term Portion of Operating Lease Liabilities	98,093	-
Total Long-Term Debt	98,093	-
Total Liabilities	1,466,137	1,257,730
<u>Net Assets</u>		
Without Donor Restrictions:		
Undesignated	7,464,207	8,685,908
With Donor Restrictions:		
Purpose Restrictions	10,619	10,619
Total Net Assets	7,474,826	8,696,527
TOTAL LIABILITIES AND NET ASSETS	\$ 8,940,963	\$ 9,954,257

See Accompanying Notes to Financial Statements.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Totals</u>	
			2025	2024
<u>Revenue and Other Support</u>				
Public School District:				
Resident Student Enrollment	\$ 7,062,704	\$ -	\$ 7,062,704	\$ 6,942,329
Students with Disabilities	527,270	-	527,270	588,017
Federal Grants - Title and IDEA	532,878	-	532,878	535,534
Federal Grants - Other	-	-	-	2,798,391
State Grants:				
In-Kind State Grants	37,025	-	37,025	40,227
Other Grants and Contributions	212,240	-	212,240	52,385
Other Income	8,462	-	8,462	817
Total Revenue and Other Support	8,380,579	-	8,380,579	10,957,700
<u>Expenses</u>				
Program Expenses:				
Regular Education	7,433,310	-	7,433,310	7,697,462
Special Education	690,386	-	690,386	670,205
Total Program Expenses	8,123,696	-	8,123,696	8,367,667
Supporting Services:				
Management and General	1,680,277	-	1,680,277	1,611,302
Total Expenses	9,803,973	-	9,803,973	9,978,969
Change in Net Assets Before Other Income/(Expenses)	(1,423,394)	-	(1,423,394)	978,731

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2025

(With Comparative Totals for the Year Ended June 30, 2024)

(Continued)

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Totals</u>	
			<u>2025</u>	<u>2024</u>
<u>Other Income/(Expenses)</u>				
Interest and Dividend Income	224,778	-	224,778	101,265
Net Investment Return	(23,085)	-	(23,085)	11,522
Loss on Abandoned Project/Building Purchase	-	-	-	(144,434)
Total Other Income/(Expenses)	201,693	-	201,693	(31,647)
Change in Net Assets	<u>(1,221,701)</u>	<u>-</u>	<u>(1,221,701)</u>	<u>947,084</u>
Net Assets - Beginning of Year	<u>8,685,908</u>	<u>10,619</u>	<u>8,696,527</u>	<u>7,749,443</u>
Net Assets - End of Year	<u>\$ 7,464,207</u>	<u>\$ 10,619</u>	<u>\$ 7,474,826</u>	<u>\$ 8,696,527</u>

See Accompanying Notes to Financial Statements.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2025

(With Comparative Totals for the Year Ended June 30, 2024)

	2025 No. of <u>Positions</u>	<u>Program Services</u>			<u>Totals</u>	
		<u>Regular Education</u>	<u>Special Education</u>	<u>Management and General</u>	<u>2025</u>	<u>2024</u>
Personnel Service Costs						
Instructional Personnel	62	\$ 3,410,126	\$ 424,473	\$ -	\$ 3,834,599	\$ 3,889,058
Non-Instructional Personnel	7	249,858	-	10,411	260,269	232,632
Administrative Personnel	<u>23</u>	<u>678,074</u>	<u>16,685</u>	<u>1,053,559</u>	<u>1,748,318</u>	<u>1,552,253</u>
Total Salaries and Wages	92	4,338,058	441,158	1,063,970	5,843,186	5,673,943
Fringe Benefits and Payroll Taxes		858,709	87,326	210,611	1,156,646	1,112,003
Retirement		<u>305,774</u>	<u>44,478</u>	<u>206,792</u>	<u>557,044</u>	<u>460,749</u>
Total Personnel Services		5,502,541	572,962	1,481,373	7,556,876	7,246,695
Occupancy Expense		346,139	41,558	42,128	429,825	249,207
Depreciation		386,507	-	31,791	418,298	431,849
Other Purchased Services		283,777	28,404	23,071	335,252	616,932
Repairs and Maintenance		216,769	-	9,032	225,801	184,882
Supplies		176,180	17,917	-	194,097	360,507
Office Expense		90,156	6,283	30,489	126,928	104,985
Utilities		121,109	-	5,046	126,155	115,989
Student Services		85,745	8,720	-	94,465	130,537
Other Expenses		73,765	7,501	-	81,266	42,608
Insurance		57,898	-	4,762	62,660	56,115
Staff Development		52,756	5,365	-	58,121	104,715
Technology		23,484	-	7,828	31,312	198,181
Legal		-	-	26,807	26,807	30,693

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENT OF FUNCTIONAL EXPENSES**

For The Year Ended June 30, 2025

(With Comparative Totals for the Year Ended June 30, 2024)

(Continued)

	<u>Program Services</u>		<u>Management and General</u>	<u>Totals</u>	
	<u>Regular Education</u>	<u>Special Education</u>		<u>2025</u>	<u>2024</u>
Marketing	16,484	1,676	-	18,160	22,214
Accounting	-	-	17,950	17,950	17,160
Contributions to Foundation	-	-	-	-	64,000
Food	-	-	-	-	1,700
 Total Expenses	 <u>\$ 7,433,310</u>	 <u>\$ 690,386</u>	 <u>\$ 1,680,277</u>	 <u>\$ 9,803,973</u>	 <u>\$ 9,978,969</u>

See Accompanying Notes to Financial Statements.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>Cash Flow From Operating Activities</u>		
Receipts from School Districts	\$ 7,724,289	\$ 7,311,631
Federal and State Grant Receipts	1,319,514	2,789,390
Other Grants and Contributions	212,240	52,385
Miscellaneous Sources	219,077	88,474
Payments to Charter School Personnel for Services Rendered	(7,409,122)	(7,135,766)
Payments to Vendors for Goods and Services Rendered	<u>(1,712,540)</u>	<u>(2,386,786)</u>
Net Cash Flow Provided/(Used) By Operating Activities	<u>353,458</u>	<u>719,328</u>
 <u>Cash Flow From Investing Activities</u>		
Purchase of Property and Equipment	(20,221)	(231,487)
Deposits	100,000	-
Proceeds from Investments	14,163	13,608
Purchase of Investments	<u>(80,821)</u>	<u>(50,438)</u>
Net Cash Flow Provided/(Used) By Investing Activities	<u>13,121</u>	<u>(268,317)</u>
 Net Increase/(Decrease) in Cash and Cash Equivalents, and Restricted Cash	 366,579	 451,011
 Cash and Cash Equivalents, and Restricted Cash - Beginning of Year	 <u>3,296,956</u>	 <u>2,845,945</u>
 Cash and Cash Equivalents, and Restricted Cash - End of Year	 <u>\$ 3,663,535</u>	 <u>\$ 3,296,956</u>

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2025 and 2024
(Continued)

	2025	2024
<u>Reconciliation of Change in Net Assets to Net Cash</u>		
<u>Provided by Operating Activities</u>		
Change in Net Assets	\$(1,221,701)	\$ 947,084
Adjustments to Reconcile Change in Net Assets to Net Cash Provided/(Used) by Operating Activities:		
Depreciation	418,298	431,849
Loss on Abandoned Project/Building Purchase	-	144,434
Realized/Unrealized (Gain)/Loss on Investment	8,921	(25,130)
(Increase)/Decrease In:		
Accounts Receivable	128,876	(163,983)
Grants Receivable	809,501	(532,377)
Prepaid Expenses	122,960	(122,960)
Right-of-Use Assets - Operating Lease	(121,805)	-
Increase/(Decrease) In:		
Accounts Payable	(38,285)	(18,133)
Accrued Payroll and Payroll Taxes	147,754	110,929
Refundable Advance	(22,866)	(52,385)
Operating Lease Liabilities	121,805	-
Net Cash Flows Provided/(Used) By Operating Activities	<u>\$ 353,458</u>	<u>\$ 719,328</u>

See Accompanying Notes to Financial Statements.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

University Preparatory Charter School for Young Men (the School) is a nonprofit educational organization in Rochester, New York. It was formed to be a small school for young men with personalized attention for each student. The School provides a safe and secure learning environment where respect and compassion are values for adults and students for grades 6-12. The School obtains its support directly and indirectly from organizations and government agencies in the community.

The main programs of the School are as follows:

REGULAR EDUCATION: The School curriculum encourages and promotes young men to be involved, to be active in their learning, and to learn together. The School provides preparation not just for graduation, but for success in college. It is also a place for young men to play sports and engage in exciting, healthy, extracurricular activities. All courses align with the New York State Learning Standards.

SPECIAL EDUCATION: In accordance with the Individuals with Disabilities Education Act, the Rehabilitation Act, Section 504, and the Americans with Disabilities Act, the School provides a free and appropriate education, in the least restrictive environment to students with disabilities. The primary service delivery for students with special needs is inclusion. For students requiring supplemental services, the School has employees on staff to provide the required services outlined in the student's Individual Education Plan or 504 Plan.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Net Assets

In accordance with accounting principles generally accepted in the United States of America, the School reports information regarding its financial position and activities according to the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, based on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Use of Estimates in the Preparation of Financial Statements

Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could vary from those estimates.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect. Amounts that management believes to be uncollectible after collection efforts have been completed are written off. In addition, management evaluates the need for and, if appropriate, provides an allowance to reduce receivables to amounts management expects will be collected. Management determines the allowance for uncollectible accounts receivable based on historical information adjusted for current conditions, and reasonable and supportable forecasts. Management determined that no allowances were necessary at June 30, 2025 and 2024.

Grants and Contributions Receivable

Grants and contributions receivable are stated at the amount management expects to collect. Management provides for probable uncollectible amounts based on its assessment of the current status of receivables from grants, agencies, and others. Balances that are still outstanding after management has used reasonable collection efforts are written off. There was no allowances for doubtful accounts at June 30, 2025 and 2024.

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025
(Continued)**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

Revenue and Revenue Recognition

A portion of the School's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the school has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The School did not receive cost-reimbursable grants that have not been recognized for June 30, 2025 and 2024.

The School recognizes revenue derived from tuition and food service. Tuition income is recognized during the school year based on enrollment. Food service revenue is recognized when earned at the time of service.

Contributions

The School recognizes contributions when cash, securities or other assets, an unconditional promise to give or a notification of a beneficial interest is received. Contributions that are expected to be received in future years are recorded at their present value. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met.

Consequently, at June 30, 2025 and 2024, contributions amounting to \$14,749 and \$37,615, respectively, have not been recognized in the accompanying statement of activities because the condition(s) on which they depend has not yet been met.

Income Taxes

The Internal Revenue Service has determined that the School is qualified as a charity exempt under Section 501(c)(3) of the Internal Revenue Code. As a result, no provision for federal or state income taxes has been made.

Advertising

Advertising costs are expensed as incurred.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost. The School capitalizes property and equipment with a unit cost of over \$2,000 or a bundle cost of over \$20,000 and an estimated life of more than two years. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets as follows.

	<u>Years</u>
Building and Improvements	20
Furniture and Fixtures	3-5
Vehicles	5

Depreciation expense amounted to \$418,298 and \$431,849 for the years ended June 30, 2025 and 2024, respectively.

Functional Expenses

The costs of providing the various program services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services, and management and general categories. An immaterial amount of fundraising costs for the years ended June 30, 2025 and 2024 are included in management and general expenses.

The financial statements report certain categories of expenses that are attributed to both program and supporting functions. Therefore, allocation on a reasonable basis that is consistently applied is required. The expenses that are allocated include occupancy, repairs and maintenance, insurance and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, other purchased services, student services, supplies, office expenses, and other expenses, which are allocated on the basis of time and effort for each category.

Determining Fair Value of Financial Assets and Liabilities

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

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Determining Fair Value of Financial Assets and Liabilities (Continued)

Level 1: Inputs to the valuation method are unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Inputs to the valuation method include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3: Inputs to the valuation method are unobservable and significant to the fair value measurement.

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

Recent Accounting Pronouncements

During the year ended June 30, 2024, the School adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326)*. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The School adopted ASC 326 and all related subsequent amendments thereto effective July 1, 2023 using the modified retrospective transition approach for all financial assets. Accordingly, financial information for periods prior to the date of initial application has not been adjusted. This required recognition had no current impact to the School's financial statements.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025
(Continued)

NOTE 2 - LIQUIDITY AND AVAILABILITY

The School regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

At June 30, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	2025	2024
Cash and cash equivalents	\$ 3,586,091	\$ 3,219,667
Accounts receivable	48,765	177,641
Grants receivable	323,551	1,133,052
Less donor restricted net assets	(10,619)	(10,619)
Total	\$ 3,947,788	\$ 4,519,741

NOTE 3 - EMPLOYEE BENEFIT PLAN

The School has a 403(b) retirement plan. Eligible employees can make contributions to the plan. Employees are fully and immediately vested in all contributions. The School will make non-elective contributions at the Board's discretion. Employer contributions for the years ended June 30, 2025 and 2024 were \$53,000 and \$48,750, respectively.

The School participates in the New York State Teachers' Retirement System (System), a cost-sharing, multiple-employer, defined benefit pension plan administered by the New York State Teachers' Retirement Board. The System provides retirement, disability, withdrawal, and death benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York.

Plan members who joined the System before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and before January 1, 2010 with less than ten years of membership are required to contribute 3% of their annual salary. Those joining on or after January 1, 2010 and before April 1, 2012 are required to contribute 3.5% of their annual salary for their entire working career. Those joining after April 1, 2012 are required to contribute between 3% and 6%, dependent upon their salary, for their entire working career. Employers are required to contribute at an actuarially determined rate. The rate applicable to the fiscal year ended June 30, 2025 and 2024 was 10.11% and 9.76%. The retirement contribution expense totaled \$504,049 and \$455,757 for the years ended June 30, 2025 and 2024, respectively.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025
(Continued)

NOTE 4 - SPECIAL EDUCATION AND OTHER SUPPORT

Some of the special education services required by students of the School are provided by the Rochester City School District. The Rochester City School District also provides transportation. The School was unable to determine a value for these services; thus, these financial statements do not reflect revenue or expenses associated with those services.

Additionally, the School does provide certain special education services with its own staff and facilities.

The School also receives State Aid in the form of textbooks, computer hardware, computer software, and library materials through the Rochester City School District. The total aid received for the years ended June 30, 2025 and 2024 was \$37,025 and \$40,227, respectively. The value of this aid is provided by Rochester City School District and is based on original cost.

NOTE 5 - CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH

For the purposes of the statements of cash flows, cash and cash equivalents include all cash on hand and in banks, which at times, may exceed federally insured limits. The School considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Certain of these accounts are not federally insured. The School has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk with respect to cash and cash equivalents.

The School maintains cash in an escrow account in accordance with the terms of their charter agreement. The escrow is restricted to fund legal and other costs related to the dissolution of the School.

Cash and cash equivalents, and restricted cash consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Checking	\$ 3,566,052	\$ 3,202,637
Savings and Money Market	<u>20,039</u>	<u>17,030</u>
Subtotal - Cash and Cash Equivalents	3,586,091	3,219,667
Restricted Cash - Escrow Account	<u>77,444</u>	<u>77,289</u>
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 3,663,535</u>	<u>\$ 3,296,956</u>

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025
(Continued)

NOTE 6 - DONATED SERVICES AND GOODS

The School receives donated services that, although substantial, do not meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America. During the years ended June 30, 2025 and 2024, 9 active volunteers provided 270 hours of service.

The School’s policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the School. If an asset is provided that does not allow the School to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by an appraisal or by a specialist depending on the type of asset. Contributed nonfinancial assets may include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. Contributed goods and services are recorded at fair value at the date of donation. The School does not sell donated gifts-in-kind.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	2025	2024
Subject to expenditure for specified purpose:		
Career and Technical Education Program	\$ 7,500	\$ 7,500
Technology	3,119	3,119
Total Net Assets with Donor Restrictions	\$ 10,619	\$ 10,619

NOTE 8 - INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair market value. Unrealized gains or losses on securities result from differences between the cost and fair market value of securities on a specified valuation date.

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025
(Continued)

NOTE 8 - INVESTMENTS (Continued)

Investments are held in investment funds managed by professional investment advisors. A summary of investments at market value at June 30 are as follows:

2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>
Money Market	\$ 209,798	\$ -	\$ -	\$ 209,798
US Treasury Securities	<u>1,410,225</u>	<u>-</u>	<u>-</u>	<u>1,410,225</u>
Totals	<u>\$ 1,620,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,620,023</u>

2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>
Money Market	\$ 14,456	\$ -	\$ -	\$ 14,456
US Treasury Securities	<u>1,547,831</u>	<u>-</u>	<u>-</u>	<u>1,547,831</u>
Totals	<u>\$ 1,562,287</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,562,287</u>

Bond investment values are determined by the closing bid price on the last business day of the fiscal year if actively traded.

There were no changes in the valuation techniques during the year.

NOTE 9 - LEASES

The School 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 reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The School does not report ROU assets and lease liabilities for its immaterial or short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

The School evaluated current contracts to determine which met the criteria of a lease. The ROU assets represent the School's right to use underlying assets for the lease term, and the lease liabilities represent the School's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The School has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025
(Continued)

NOTE 9- LEASES (Continued)

The School's operating leases consist of an equipment lease for a copier. There were no longer term material leases during the year ended June 30, 2025.

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2025:

<u>Weighted Average Remaining Lease Term</u>	
Operating leases	4.8 years
 <u>Weighted Average Discount Rate</u>	
Operating leases	4.23%

Future maturities of lease liabilities are presented in the following table, for the years ending June 30:

	<u>Operating</u>
2026	\$ 28,864
2027	28,864
2028	28,864
2029	28,864
2030	21,648
Total Lease Payments	137,104
Less Present Value Discount	<u>(15,299)</u>
Total Lease Obligations	<u><u>\$ 121,805</u></u>

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended June 30, 2025:

Operating lease expense included in program services expenses	\$ 6,494
Operating lease expense included in management and general expenses	<u>722</u>
Total operating lease costs	<u><u>\$ 7,216</u></u>

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025
(Continued)

NOTE 9- LEASES (Continued)

Supplemental Disclosures of Non-Cash Investing and Financing Activities

The following summarizes cash flow information related to leases for the year ended June 30, 2025:

Cash paid for amounts included in the measurement of
lease liabilities:

Operating cash flows from operating leases	\$	7,216
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Lease assets obtained in exchange for lease obligations:

Operating leases	\$	123,785
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NOTE 10 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 28, 2025, which is the date the statements were available for issuance.

Subsequent to year-end, the School has signed a contract to purchase a building for \$5,500,000. The purchase will be funded with a mortgage.

Also, subsequent to year-end, the School was involved in a spoofing scam that resulted in a fraudulent wire transfer. An employee with access to School's bank accounts was tricked into authorizing a transfer of \$1,527,572 to an unauthorized third party.

This is a non-adjusting event as the loss occurred after the balance sheet date. The School has filed a report with law enforcement and it's insurance carrier. The estimated financial effect of this loss is \$1,445,500.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN

FEDERAL FINANCIAL ASSISTANCE

SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2025



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*

Independent Auditors' Report

To the Board of Trustees
University Preparatory Charter School for Young Men
Rochester, NY

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 University Preparatory Charter School for Young Men (a New York State nonprofit organization) which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and functional expenses, the cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 28, 2025.

Report on Internal Control Over Financial Reporting

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

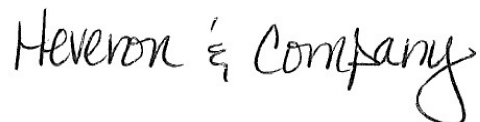
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether University Preparatory Charter School for Young Men's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Heveron & Company
Certified Public Accountants

Rochester, New York
October 28, 2025