

**URBAN ASSEMBLY CHARTER SCHOOL FOR
COMPUTER SCIENCE**

BRONX, NEW YORK

AUDITED FINANCIAL STATEMENTS

**REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2025
(With Comparative Totals for 2024)

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Urban Assembly Charter School for Computer Science

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Urban Assembly Charter School for Computer Science, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net (deficiency) assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Urban Assembly Charter School for Computer Science as of June 30, 2025, and the changes in its net (deficiency) 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 (GAAS) 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 Urban Assembly Charter School for Computer Science 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 Urban Assembly Charter School for Computer Science's ability to continue as a going concern for 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 GAAS 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 GAAS, 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 Urban Assembly Charter School for Computer Science'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 Urban Assembly Charter School for Computer Science'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 Urban Assembly Charter School for Computer Science's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 4, 2024. In our opinion, the summarized comparative information presented herein as of June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Report 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 Urban Assembly Charter School for Computer Science'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 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 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 Urban Assembly Charter School for Computer Science's internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 28, 2025

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

(With Comparative Totals for 2024)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 1,374,808	\$ 556,725
Grants and contracts receivable	114,075	169,890
Due from related party	11,494	-
Pledges receivable - current portion	250,000	-
Prepaid expenses	168,743	28,276
TOTAL CURRENT ASSETS	<u>1,919,120</u>	<u>754,891</u>
<u>PROPERTY AND EQUIPMENT, net</u>	495,592	556,212
<u>OTHER ASSETS</u>		
Security deposit	75,000	75,000
Pledges receivable, net current portion	232,670	-
Right of use assets - operating (see Note J)	67,242,123	467,854
Right of use assets - finance (See Note J)	21,731	-
Cash in escrow	75,005	75,534
	<u>67,646,529</u>	<u>618,388</u>
TOTAL ASSETS	<u>\$ 70,061,241</u>	<u>\$ 1,929,491</u>

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

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

STATEMENT OF FINANCIAL POSITION, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

<u>LIABILITIES AND NET (DEFICIENCY) ASSETS</u>	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 588,130	\$ 499,899
Current portion of long term debt	762,500	112,500
Current portion of lease liabilities - operating (see Note J)	373,963	496,131
Current portion of lease liabilities - finance (see Note J)	5,101	-
Deferred revenue	<u>225,326</u>	<u>209,271</u>
TOTAL CURRENT LIABILITIES	1,955,020	1,317,801
Long-term lease liabilities - operating (see Note J)	68,234,833	2,973
Long-term lease liabilities - finance (see Note J)	16,999	-
Long term debt	<u>-</u>	<u>112,500</u>
TOTAL LIABILITIES	70,206,852	1,433,274
<u>NET (DEFICIENCY) ASSETS</u>		
Without donor restrictions	(851,780)	318,247
With donor restrictions	<u>706,169</u>	<u>177,970</u>
TOTAL NET (DEFICIENCY) ASSETS	<u>(145,611)</u>	<u>496,217</u>
TOTAL LIABILITIES AND NET (DEFICIENCY) ASSETS	<u>\$ 70,061,241</u>	<u>\$ 1,929,491</u>

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

STATEMENT OF ACTIVITIES AND CHANGES IN NET (DEFICIENCY) ASSETS

YEAR ENDED JUNE 30, 2025
(With Comparative Totals for 2024)

	Year ended June 30,			
	2025			2024
	Without donors restrictions	With donor restrictions	Total	Total
Revenue, gains and other support:				
Public school district:				
Resident student enrollment	\$ 9,112,418	\$ -	\$ 9,112,418	\$ 8,116,104
Students with disabilities	1,447,192	-	1,447,192	1,248,523
Grants and contracts:				
State and local	39,407	-	39,407	35,199
Federal - Title and IDEA	443,131	-	443,131	455,772
Federal - other	96,439	-	96,439	154,838
Food service/Child nutrition program	217,310	-	217,310	-
NYC DoE rental assistance	2,738,765	-	2,738,765	-
In-kind - contributed goods and rent	6,500	-	6,500	2,444,951
TOTAL REVENUE, GAINS AND OTHER SUPPORT	14,101,162	-	14,101,162	12,455,387
Expenses				
Program services:				
Regular education	11,326,018	-	11,326,018	9,241,185
Special education	4,130,411	-	4,130,411	3,673,364
Total program services	15,456,429	-	15,456,429	12,914,549
Management and general	1,409,564	-	1,409,564	1,218,646
Fundraising	193,185	-	193,185	157,678
TOTAL OPERATING EXPENSES	17,059,178	-	17,059,178	14,290,873
DEFICIT FROM SCHOOL OPERATIONS	(2,958,016)	-	(2,958,016)	(1,835,486)
Support and other revenue				
Contributions:				
Individuals	63,228	8,505	71,733	108,229
Corporations	1,440,771	712,670	2,153,441	1,419,586
Interest income	7	-	7	11,128
Miscellaneous income	91,007	-	91,007	18,761
Net assets released from restriction	192,976	(192,976)	-	-
TOTAL SUPPORT AND OTHER REVENUE	1,787,989	528,199	2,316,188	1,557,704
CHANGES IN NET (DEFICIENCY) ASSETS	(1,170,027)	528,199	(641,828)	(277,782)
Net assets at beginning of year	318,247	177,970	496,217	773,999
NET (DEFICIENCY) ASSETS AT END OF YEAR	\$ (851,780)	\$ 706,169	\$ (145,611)	\$ 496,217

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

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2025
(With Comparative Totals for 2024)

	Year ended June 30, 2025								2024
	No. of Positions	Regular Education	Special Education	Sub-total	Fundraising	Management and General	Sub-total	Total	
Personnel services costs:									
Administrative staff personnel	19	\$ 1,493,369	\$ 625,379	\$ 2,118,748	\$ 60,113	\$ 588,093	\$ 648,206	\$ 2,766,954	\$ 2,222,385
Instructional personnel	53	4,027,091	1,413,465	5,440,556	-	-	-	5,440,556	5,320,344
Total salaries and staff	72	5,520,460	2,038,844	7,559,304	60,113	588,093	648,206	8,207,510	7,542,729
Fringe benefits & payroll taxes		1,149,019	424,849	1,573,868	12,648	123,735	136,383	1,710,251	1,471,505
Retirement		228,310	84,417	312,727	2,513	24,586	27,099	339,826	206,217
Financial management services		-	-	-	-	138,541	138,541	138,541	165,580
Legal services		-	-	-	-	8,826	8,826	8,826	11,733
Accounting/Audit services		-	-	-	-	29,200	29,200	29,200	27,500
Other Purchased/Professional/									
Consulting Services		155,583	33,613	189,196	78,964	53,326	132,290	321,486	365,491
Building and Land Rent		2,858,603	1,056,966	3,915,569	31,466	307,836	339,302	4,254,871	468,750
In-kind goods and services		6,500	-	6,500	-	-	-	6,500	2,444,951
Repairs and maintenance		32,879	12,157	45,036	362	3,541	3,903	48,939	7,182
Insurance		91,975	34,008	125,983	1,012	9,905	10,917	136,900	101,648
Utilities		82,002	30,320	112,322	903	8,831	9,734	122,056	88,923
Supplies/Materials		168,166	55,546	223,712	-	-	-	223,712	174,894
Equipment/Furnishings		20,966	7,744	28,710	228	2,234	2,462	31,172	55,852
Staff development & travel		90,333	32,574	122,907	764	48,774	49,538	172,445	193,026
Marketing/Recruitment		68,250	23,217	91,467	188	1,842	2,030	93,497	63,340
Technology		116,554	43,096	159,650	1,283	12,551	13,834	173,484	142,548
Food service		166,655	55,047	221,702	-	-	-	221,702	14,072
Student services		320,861	105,982	426,843	-	-	-	426,843	465,184
Office expense		72,660	26,866	99,526	800	7,825	8,625	108,151	74,766
Depreciation and amortization		140,866	52,085	192,951	1,551	15,170	16,721	209,672	170,064
Loss on disposal of property and equipment		16,328	6,037	22,365	180	1,758	1,938	24,303	-
Other		19,048	7,043	26,091	210	22,990	23,200	49,291	34,918
		<u>\$ 11,326,018</u>	<u>\$ 4,130,411</u>	<u>\$ 15,456,429</u>	<u>\$ 193,185</u>	<u>\$ 1,409,564</u>	<u>\$ 1,602,749</u>	<u>\$ 17,059,178</u>	<u>\$ 14,290,873</u>

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

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2025
(With Comparative Totals for 2024)

	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net (deficiency) assets	\$ (641,828)	\$ (277,782)
Adjustments to reconcile change in net (deficiency) assets to net cash provided from (used for) operating activities:		
Depreciation and amortization	210,140	170,064
Loss on disposal of property and equipment	24,303	-
Changes in certain assets and liabilities affecting operations:		
Grants and contracts receivable	55,815	111,175
Pledges receivable	(482,670)	-
Due from related party	(11,494)	-
Prepaid expenses	(140,467)	12,475
Accounts payable and accrued expenses	88,231	(7,886)
Deferred revenue	16,055	(162,992)
Lease liabilities, net of right-of-use assets	<u>1,335,792</u>	<u>(6,250)</u>
NET CASH PROVIDED FROM (USED FOR) OPERATING ACTIVITIES	453,877	(161,196)
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(173,823)	(186,559)
Security deposits	<u>-</u>	<u>325,000</u>
NET CASH (USED FOR) PROVIDED FROM INVESTING ACTIVITIES	<u>(173,823)</u>	<u>138,441</u>
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Borrowings on long term debt	650,000	-
Repayments on long term debt	<u>(112,500)</u>	<u>(350,000)</u>
NET CASH PROVIDED FROM (USED FOR) FINANCING ACTIVITIES	<u>537,500</u>	<u>(350,000)</u>
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	817,554	(372,755)
Cash and restricted cash at beginning of year	<u>632,259</u>	<u>1,005,014</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 1,449,813</u>	<u>\$ 632,259</u>

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

STATEMENT OF CASH FLOWS, Cont'd

YEAR ENDED JUNE 30, 2025
(With Comparative Totals for 2024)

	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Interest paid	<u>\$ 13,117</u>	<u>\$ 35,650</u>
Reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash	\$ 1,374,808	\$ 556,725
Cash in escrow	<u>75,005</u>	<u>75,534</u>
	<u>\$ 1,449,813</u>	<u>\$ 632,259</u>
<u>NON-CASH OPERATING AND INVESTING ACTIVITIES</u>		
In-kind contributed goods and services	<u>\$ 6,500</u>	<u>\$ 2,444,951</u>
Property and equipment included in accounts payable	<u>\$ -</u>	<u>\$ 140,024</u>

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

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter School

Urban Assembly Charter School for Computer Science (the “Charter School”) is an educational corporation that operates as a charter school in Bronx, New York. The Charter School provides a full range of educational services appropriate for grades nine through twelve. On August 29, 2016, the Board of Trustees of the University of the State of New York granted the Charter School a provisional charter valid for a term of five years and renewable upon expiration. On March 15, 2023, the Charter School obtained a five year renewal which expires July 31, 2028.

Basis of accounting

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

Classification of net assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Charter School, the accounts of the Charter School are maintained in accordance with the principles of accounting for not-for-profit organizations. This is the procedure by which resources are classified for reporting purposes into net asset groups, established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by net asset group.

The assets, liabilities, activities and net assets of the Charter School are reported in the following self-balancing net asset groups:

Net (Deficiency) Assets Without Donor Restrictions

Net (deficiency) assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Trustees has discretionary control to use these in carrying on operations in accordance with the guidelines established by the Charter School.

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. The Charter School had \$706,169 of net assets with donor restrictions at June 30, 2025. The Charter School had \$177,970 of net assets with donor restrictions at June 30, 2024.

Revenue and support recognition

Revenue from Exchange Transactions: The Charter School recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

The Charter School records substantially all revenues over time as follows:

Public school district revenue

The Charter School recognizes revenue as educational programming is provided to students throughout the year. The Charter School earns state and local per pupil revenue based on the approved per pupil tuition rate of the public school district in which the pupil resides. The amount received each year from the resident district is the product of the approved per pupil tuition rate and the full-time equivalent student enrollment of the School. Each NYS school district has a fixed per pupil tuition rate which is calculated annually by NYSED in accordance with NYS Education Law. Amounts are billed in advance every other month and payments are typically received in six installments during the year. At the end of each school year, a reconciliation of actual enrollment to billed enrollment is performed and any additional amounts due or excess funds received are agreed upon between the Charter School and the district(s) and are paid or recouped. Additional funding is available for students requiring special education services. The amount of additional funding is dependent upon the length of time and types of services provided by the Charter School to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

Rental assistance

Facilities rental assistance funding is provided by the New York City Dept of Education (NYCDOE) to qualifying charter schools located in the five boroughs of NYC. In order to receive rental assistance funding, a charter school must have commenced instruction or added grade levels in the 2014-15 school year or thereafter, and go through a space request process with the NYCDOE. If NYCDOE is not able to provide adequate space, the charter school can become eligible for rental assistance. Rental assistance is calculated as the lesser of 30% of the per-pupil tuition rate for NYC times the number of students enrolled, or actual total rental costs. As rental assistance is based on the number of students enrolled, revenue is recognized throughout the year as educational programming is provided to students.

The following table summarizes contract balances at their respective statement of financial position dates:

	<u>June 30,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Grants and contracts receivable	\$ 3,809	\$ 24,470	\$ 29,228

Contributions

The Charter School recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. 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 substantially met.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Grant revenue

Some of the Charter 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 Charter School has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants and contracts receivable in the accompanying statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position and amounted to \$225,326 and \$209,271 at June 30, 2025 and 2024, respectively.

Cash

Cash balances are maintained at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash.

Cash in escrow

The Charter School maintains cash in an escrow account in accordance with the terms of its charter agreement. The amount in escrow was \$75,005 and \$75,534 at June 30, 2025 and 2024, respectively.

Grants and contracts receivable

At each fiscal year end, the Charter School evaluates the need for an expected allowance for credit losses for all outstanding balances that fall under ASU 2014-09. As necessary, the allowance for credit losses is updated at fiscal year end to reflect any changes in credit risk since the receivable was initially recorded. The allowance for credit losses is calculated on a pooled basis where similar risk characteristics exist.

The Charter School uses historical loss data as a starting point to estimate expected credit losses, given consistent revenue sources since its inception. There were no write-offs of receivables for the years ended June 30, 2025 and 2024.

Pledges receivable

Pledges receivable represent unconditional promises to give. Those that are expected to be collected within one year are recorded at their net realizable value. Those that are to be collected in future years are recorded at the present value of estimated future collections. Discounts on those amounts are computed using an interest rate applicable to the year in which the promise is received. The gross value and net value of the pledges receivable was approximately \$500,000 and \$482,700, respectively at June 30, 2025. The Organization reviews pledges receivable on a periodic basis to determine if any receivables will be potentially uncollectible. After all attempts to collect a receivable have failed, the receivable is written off against the allowance for doubtful pledges. Management believes no allowance is considered necessary at June 30, 2025.

See Note C for additional information.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from two to seven years.

Major renewals and betterments are capitalized, while repairs and maintenance are charged to operations as incurred. Upon sale or retirement, the related cost and allowances for depreciation are removed from the accounts and the related gain or loss is reflected in operations.

Deferred revenue

The Charter School records grant revenue as deferred revenue until it is expended for the purpose of the grant, at which time it is recognized as revenue.

Leases

The Charter School leases a school facility and office equipment and determines if an arrangement is a lease at inception. Operating and finance leases are included in other assets, other current liabilities, and long term liabilities on the accompanying statement of financial position.

ROU assets represent the Charter School's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Charter School uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating and finance lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Charter School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term, and for finance leases, as amortization expense and interest expense.

The Charter School's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Charter School considers factors such as if the Charter School has obtained substantially all of the rights to the underlying asset through exclusivity, if the Charter School can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. The evaluation may require significant judgement.

Contributed services

The Charter School receives contributed services from volunteers to develop its academic program and to serve on the Board of Trustees. These services are not valued in the financial statements because they do not require "specialized skills" and would typically not be purchased if they were not contributed. In addition, the Charter School received donated transportation services that was provided for the students from the local district. The Charter School was unable to determine a value for these services.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Tax exempt status

The Charter School is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, is exempt from federal and state taxes on income.

The Charter School files Form 990 tax returns in the U.S. federal jurisdiction. The Charter School's current and prior three years tax returns remain subject to review by taxing authorities. Management of the Charter School believes they have no material uncertain tax positions and, accordingly, they have not recognized any liability for unrecognized tax benefit.

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruitment costs approximated \$93,500 and \$63,300 for the years ended June 30, 2025 and 2024, respectively.

Use of estimates in the preparation of financial statements

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

Comparatives for the period ended June 30, 2024

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional classification. 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 Charter School's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 28, 2025, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE B: LIQUIDITY AND AVAILABILITY

The Charter School regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Charter School's main source of liquidity is its cash accounts.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Charter School considers all expenditures related to its ongoing activities of teaching, and public service as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Charter School anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Charter School's cash.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2025 and 2024:

	June 30,	
	<u>2025</u>	<u>2024</u>
Cash	\$ 1,374,808	\$ 556,725
Grants and contracts receivable	114,075	169,890
Pledges receivable - current portion	<u>250,000</u>	<u>-</u>
Total financial assets available within one year	1,488,883	726,615
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	<u>(223,499)</u>	<u>(177,970)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 1,265,384</u>	<u>\$ 548,645</u>

NOTE C: PLEDGES RECEIVABLE

Pledges receivable are recorded at their estimated net present value using a discount rate of 3.96%. Future payments to be received on the pledges receivable are as follows:

	June 30,	
	<u>2025</u>	<u>2024</u>
Within one year	\$ 250,000	\$ -
In one to three years	<u>250,000</u>	<u>-</u>
	500,000	-
Less:		
Discount to net present value	<u>(17,330)</u>	<u>-</u>
	<u>\$ 482,670</u>	<u>\$ -</u>

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE D: PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2025 and 2024 consisted of the following:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Leasehold improvements	\$ -	\$ 853,515
Furniture and fixtures	973,282	1,159,896
Computer equipment	<u>354,009</u>	<u>523,623</u>
	1,327,291	2,537,034
Less accumulated depreciation and amortization	<u>831,699</u>	<u>1,980,822</u>
	<u>\$ 495,592</u>	<u>\$ 556,212</u>

NOTE E: LONG TERM DEBT

In January 2023, the Charter School entered into a loan agreement with a lender to borrow up to \$225,000. The loan is payable in two installments of \$112,500 principal plus all accrued and unpaid interest at 2.5%, due July 15, 2024 and July 15, 2025. At both years ended June 30, 2025 and 2024, there was \$112,250 and \$225,000 outstanding, respectively.

In December 2024, the Charter School entered into a loan agreement with a lender to borrow \$650,000. The loan is due in full plus all accrued interest and unpaid interest at 5% at maturity date, June 16, 2026. At June 30, 2025, there was \$650,000 outstanding. The Charter School has certain financial covenants with the lender. The Charter School was in compliance with these covenants at June 30, 2025.

NOTE F: LETTER OF CREDIT

In February 2024, the Charter School entered into a standby letter of credit agreement with a bank for a maximum amount of \$655,000. The beneficiary of the letter of credit is the third party lessor of the new school facility. The letter of credit satisfies the security deposit obligations. The letter of credit expired on February 21, 2025, but can be automatically extended for a period of one year from the expiration date or any future expiration date through February 21, 2029. On February 10, 2025, the letter of credit was extended for an additional year with the letter of credit now expiring on February 21, 2026. See Note J.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE G: NET ASSETS

Net assets with donor restrictions consisted of the following:

	June 30,	
	2025	2024
Computers, equipment and furniture for new building	\$ -	\$ 35,848
Track equipment, fees and stipends	9,444	6,958
Professional development initiatives	-	115,164
Scholarship program	-	20,000
Student certification exams	14,055	-
Post-secondary life curriculum and assessments	200,000	-
Time restricted - pledges receivable	482,670	-
	<u>\$ 706,169</u>	<u>\$ 177,970</u>

Net (deficiency) assets without donor restrictions are as follows:

	June 30,	
	2025	2024
Undesignated	\$ (1,347,372)	\$ (237,965)
Invested in property and equipment, net of related debt	495,592	556,212
	<u>\$ (851,780)</u>	<u>\$ 318,247</u>

NOTE H: GIFTS-IN-KIND

As part of the New York City Chancellor's Charter School Initiative, the New York City Department of Education has committed space to the Charter School at no charge under a verbal agreement. Total approximate square footage usage as of June 30, 2024 was 20,000 square feet of classroom space and access to an additional 20,000 square feet consisting of an auditorium, gym, and cafeteria. In valuing the contributed space, the Charter School estimated the fair value of \$2,444,951 for the year ended June 30, 2024 on the basis of financial information provided to the Charter School under the New York City School Rental Assistance Program. There were no associated donor restrictions with the contributed facility. The Charter School received no in-kind rent for the year ended June 30, 2025. See Note J.

For the year ended June 30, 2025, the Charter School received an in-kind donation of a school field trip valued at \$6,500 based on fair market value. The Charter School did not receive a similar donation for the year ended June 30, 2024. There was no associated donor restriction with the contributed goods.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE H: GIFTS-IN-KIND, Cont'd

See the table below for program utilization:

<u>Program or Supporting Service</u>	<u>Year ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Regular Education	\$ 6,500	\$ 1,491,420
Special Education	-	733,485
Fundraising	-	24,450
Management and general	-	195,596
	<u>\$ 6,500</u>	<u>\$ 2,444,951</u>

NOTE I: RELATED PARTY TRANSACTIONS

The Charter School has a receivable from Comp Sci High Foundation, Inc. (the "Foundation"). The Foundation is a not-for-profit organization that shares administrative staff with the Charter School. The Foundation subleases space to the Charter School, see Note J for further details. The Foundation has approximately \$11,500 due to the Charter School for expenses that are to be reimbursed by the Foundation after June 30, 2025. All amounts due from the Foundation are noninterest bearing and have no set repayment terms.

NOTE J: LEASES

The Charter School leases an additional school facility and office equipment. The leases have various remaining lease terms ranging from one year to twenty-nine years.

The Charter School entered into a non-cancelable lease agreement for office equipment expiring July 2026 with monthly payments of approximately \$200. The Charter School entered into a non-cancelable lease agreement for office equipment expiring July 2029 with monthly payments of approximately \$490.

In June 2021, the Charter School signed a lease for facilities through June 2025. The lease has escalating payments throughout the term. Monthly rent expense of approximately \$40,000 commenced July 1, 2021. In conjunction with this facility lease, the Charter School paid a security deposit of \$75,000, which is included in security deposits on the accompanying statement of financial position at June 30, 2025 and 2024. Effective July 1, 2024, this lease was amended to reduce the monthly payment to \$22,500 through May 1, 2026.

In February 2022, the Charter School signed a 45-year lease for school facilities from a third party. The commencement date of the lease was contingent upon the completion of the construction of the building. This lease was amended on March 29, 2023 to a term of 30 years and includes an additional extension option of 15 years. On August 7, 2024, the commencement date was acknowledged and confirmed by the third party to be August 1, 2024 with an expiration date of June 30, 2054. In conjunction with this facility lease, the Charter School obtained a standby letter of credit that satisfied the security deposit obligations. See Note F.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE J: LEASES, Cont'd

Effective July 1, 2024, the Charter School assigned the lease to the Foundation. The sub-lease agreement between the Charter School and the Foundation was finalized effective July 1, 2024. The lease term is through June 30, 2054 and includes additional extension options of 15 years. The base rent is approximately \$246,000 per month. The lease has escalating payments throughout the term. The Charter School must comply with certain financial covenants relative to the lease and sublease. The Charter School is in compliance with these covenants at June 30, 2025.

A summary of lease right-of-use assets and liabilities are as follows:

		<u>Statement of Financial</u>		<u>June 30,</u>	
		<u>Position Classification</u>		<u>2025</u>	<u>2024</u>
<u>Assets</u>					
Finance leases	Other assets	\$	21,731	\$	-
Operating leases	Other assets		<u>67,242,123</u>		<u>467,854</u>
			<u>\$ 67,263,854</u>		<u>\$ 467,854</u>
 <u>Liabilities</u>					
Current:					
Finance leases	Current liabilities	\$	5,101	\$	-
Operating leases	Current liabilities		373,963		496,131
 Non-current:					
Finance leases	Other liabilities		16,999		-
Operating leases	Other liabilities		<u>68,234,833</u>		<u>2,973</u>
			<u>\$ 68,630,896</u>		<u>\$ 499,104</u>

The components of lease expense were as follows:

		<u>Year ended June 30,</u>	
		<u>2025</u>	<u>2024</u>
Finance lease cost:			
Amortization of right-of-use assets		\$ 4,878	\$ -
Interest on lease liabilities		<u>837</u>	<u>-</u>
	Total finance lease costs	5,715	-
 Operating lease cost:			
Operating lease cost		4,254,871	471,534
Short-term lease cost		<u>-</u>	<u>3,588</u>
	Total operating lease costs	<u>4,254,871</u>	<u>475,122</u>
	Total lease cost	<u>\$ 4,260,586</u>	<u>\$ 475,122</u>

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE J: LEASES, Cont'd

As of June 30, 2025, minimum payments due for lease liabilities are as follows:

	Operating leases	Finance leases
2026	\$ 3,275,963	\$ 5,832
2027	3,105,921	5,832
2028	3,185,367	5,832
2029	3,266,853	5,832
2030	3,350,432	486
Thereafter	111,997,321	-
Total lease payments	128,181,857	23,814
Less: Interest	(59,573,061)	(1,714)
Present value of lease liabilities	\$ 68,608,796	\$ 22,100

Supplemental information is as follows:

	Year ended June 30,	
	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for finance leases	\$ 767	\$ -
Financing cash flows for finance leases	\$ 4,093	\$ -
Operating cash flows for operating leases	\$ 2,730,787	\$ 477,784
Right-of-use assets obtained in exchange for new lease liabilities (non-cash):		
Finance leases	\$ 26,123	\$ -
Operating leases	\$ 68,174,656	\$ -
Weighted-average remaining lease term:		
Finance leases	4.08 years	-
Operating leases	28.90 years	1.01 years
Weighted-average discount rate:		
Finance leases	3.79%	-
Operating leases	4.26%	2.88%

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE K: CONTINGENCY

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

NOTE L: CONCENTRATIONS

For the years ended June 30, 2025 and 2024, approximately 5% and 6% of total operating revenue and support came from federal agencies relating to certain grants. At June 30, 2025 and 2024 approximately 100% and 51%, respectively, of grants and contracts receivable were due from federal agencies relating to certain grants.

For both of the years ended June 30, 2025 and 2024, approximately 75% of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

For years ended June 30, 2025 and 2024, approximately 19% and 0% of total operating revenue and support came from NYC DoE rental assistance.

NOTE M: RETIREMENT PLAN

The Charter School sponsors a 401(k) retirement plan (the "Plan") for its employees. All employees are eligible to participate in the Plan after attaining the age of 21 and three months of service. Employees can make pretax contributions up to a maximum of 100% of their annual compensation to the Plan, subject to IRS restrictions. The Charter School will make a safe harbor contribution equal to 3% the employee's annual compensation. The Charter School may also contribute a discretionary non-matching contribution to the Plan. The Charter School made a safe harbor contribution of approximately \$339,800 and \$206,200 to the Plan for the years ended June 30, 2025 and 2024, respectively. The Charter School did not make an additional discretionary non-matching contribution for either of the years ended June 30, 2025 or 2024.

NOTE N: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses that are allocated to more than one program or supporting function are allocated on the basis of estimates of time and effort.

NOTE O: COMMITMENTS

In December 2017, the Charter School entered into an agreement with The Urban Assembly, Inc. to provide on-going school support and professional development. The agreement continued through June 30, 2024 but was not renewed.

URBAN ASSEMBLY CHARTER SCHOOL FOR COMPUTER SCIENCE

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

Board of Trustees
Urban Assembly Charter School for Computer Science

We have audited 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, the financial statements of Urban Assembly Charter School for Computer Science, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net (deficiency) assets, 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 28, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Urban Assembly Charter School for Computer Science's 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Urban Assembly Charter School for Computer Science's internal control. Accordingly, we do not express an opinion on the effectiveness of Urban Assembly Charter School for Computer Science'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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Urban Assembly Charter School for Computer Science'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 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.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 28, 2025