

St. HOPE Leadership Academy Charter School

Financial Statements

June 30, 2025 and 2024

Independent Auditors' Report

Board of Trustees

St. HOPE Leadership Academy Charter School

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2025, and the changes in its 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 the School 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 opinions.

Prior Year Financial Statements

The financial statements of the School as of June 30, 2024 were audited by other auditors whose report dated October 25, 2024, expressed an unmodified opinion on those statements.

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 the School'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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School'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 the School's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2025, on our consideration of the School'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 the School'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 the School's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Harrison, New York
October 27, 2025

St. HOPE Leadership Academy Charter School

Statements of Financial Position

	June 30,	
	2025	2024
ASSETS		
Current Assets		
Cash	\$ 2,030,138	\$ 1,550,555
Grants and contracts receivable	146,035	412,417
Prepaid expenses and other current assets	37,237	100,236
Investments	<u>3,116,796</u>	<u>2,977,500</u>
Total Current Assets	5,330,206	5,040,708
Right-of-use assets - operating leases, net	10,849	660
Right-of-use assets - finance leases, net	57,219	81,741
Property and equipment, net	226,500	348,275
Restricted cash	<u>75,459</u>	<u>75,452</u>
	<u>\$ 5,700,233</u>	<u>\$ 5,546,836</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 99,122	\$ 65,324
Accrued payroll and payroll taxes	146,127	116,155
Operating lease liabilities	2,470	660
Finance lease liabilities	25,183	24,133
Scholarships payable	52,500	106,750
Refundable advances	<u>57,939</u>	<u>-</u>
Total Current Liabilities	383,341	313,022
Scholarships payable, less current portion	65,000	42,500
Operating lease liabilities, less current portion	7,951	-
Finance lease liabilities, less current portion	<u>35,292</u>	<u>60,476</u>
Total Liabilities	491,584	415,998
Net assets, without donor restrictions	<u>5,208,649</u>	<u>5,130,838</u>
	<u>\$ 5,700,233</u>	<u>\$ 5,546,836</u>

See notes to financial statements

St. HOPE Leadership Academy Charter School

Statements of Activities

	Year Ended June 30,	
	2025	2024
REVENUE AND SUPPORT		
State and local per pupil operating revenue	\$ 4,017,450	\$ 3,984,260
Federal grants	304,080	538,860
State and city grants	10,732	18,032
Contributions and grants	56,925	63,250
Employee Retention Credit	-	246,071
Investment and other income	145,021	2,915
Total Revenue and Support	<u>4,534,208</u>	<u>4,853,388</u>
EXPENSES		
Program Services		
Regular education	2,779,141	2,871,939
Special education	<u>1,060,315</u>	<u>1,119,868</u>
Total Program Services	3,839,456	3,991,807
Supporting Services		
Management and general	<u>616,941</u>	<u>771,539</u>
Total Expenses	<u>4,456,397</u>	<u>4,763,346</u>
Change in Net Assets	77,811	90,042
NET ASSETS, WITHOUT DONOR RESTRICTIONS		
Beginning of year	<u>5,130,838</u>	<u>5,040,796</u>
End of year	<u>\$ 5,208,649</u>	<u>\$ 5,130,838</u>

See notes to financial statements

St. HOPE Leadership Academy Charter School

Statement of Functional Expenses
Year Ended June 30, 2025

	No. of Positions	Program Services			Support Services	
		Regular Education	Special Education	Total	Management and General	Total
Personnel Service Costs						
Administrative staff personnel	9	\$ 528,140	\$ 255,669	\$ 783,809	\$ 269,363	\$ 1,053,172
Instructional personnel	16	1,174,188	401,667	1,575,855	-	1,575,855
Total Personnel Service Costs	25	1,702,328	657,336	2,359,664	269,363	2,629,027
Fringe benefits and payroll taxes		378,513	146,158	524,671	59,890	584,561
Retirement		67,374	26,016	93,390	10,660	104,050
Accounting and auditing services		-	-	-	174,504	174,504
Other professional and consulting services		37,549	12,923	50,472	56,279	106,751
Repairs and maintenance		719	278	997	114	1,111
Insurance		39,415	15,220	54,635	6,237	60,872
Utilities		15,708	6,066	21,774	2,486	24,260
Supplies and materials		31,500	10,776	42,276	-	42,276
Equipment and furnishings		4,242	1,638	5,880	671	6,551
Staff development		2,347	803	3,150	-	3,150
Marketing and recruiting		237,909	85,595	323,504	3,637	327,141
Technology		66,008	24,411	90,419	6,575	96,994
Student service		54,601	18,678	73,279	-	73,279
Office expense		34,564	13,346	47,910	6,647	54,557
Depreciation and amortization		106,364	41,071	147,435	16,830	164,265
Other		-	-	-	3,048	3,048
 Total Expenses		<u>\$ 2,779,141</u>	<u>\$ 1,060,315</u>	<u>\$ 3,839,456</u>	<u>\$ 616,941</u>	<u>\$ 4,456,397</u>

See notes to financial statements

St. HOPE Leadership Academy Charter School

Statement of Functional Expenses
Year Ended June 30, 2024

	No. of Positions	Program Services			Support Services	Total
		Regular Education	Special Education	Total	Management and General	
Personnel Service Costs						
Administrative staff personnel	8	\$ 405,826	\$ 224,746	\$ 630,572	\$ 329,560	\$ 960,132
Instructional personnel	15	1,272,392	443,415	1,715,807	-	1,715,807
Total Personnel Service Costs	<u>23</u>	<u>1,678,218</u>	<u>668,161</u>	<u>2,346,379</u>	<u>329,560</u>	<u>2,675,939</u>
Fringe benefits and payroll taxes		348,617	138,797	487,414	68,460	555,874
Retirement		63,588	25,317	88,905	12,487	101,392
Accounting and auditing services		-	-	-	164,094	164,094
Other professional and consulting services		33,683	11,496	45,179	100,683	145,862
Repairs and maintenance		5,174	2,060	7,234	1,016	8,250
Insurance		34,589	13,772	48,361	6,792	55,153
Supplies and materials		43,205	15,058	58,263	-	58,263
Equipment and furnishings		2,410	1,176	3,586	1,151	4,737
Staff development		18,121	6,315	24,436	-	24,436
Marketing and recruiting		264,894	95,147	360,041	3,282	363,323
Technology		92,726	35,372	128,098	12,094	140,192
Student service		135,732	47,301	183,033	-	183,033
Office expense		41,803	16,643	58,446	47,104	105,550
Depreciation and amortization		109,179	43,253	152,432	20,762	173,194
Other		-	-	-	4,054	4,054
Total Expenses		<u>\$ 2,871,939</u>	<u>\$ 1,119,868</u>	<u>\$ 3,991,807</u>	<u>\$ 771,539</u>	<u>\$ 4,763,346</u>

See notes to financial statements

St. HOPE Leadership Academy Charter School

Statements of Cash Flows

	Year Ended June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 77,811	\$ 90,042
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	139,743	148,672
Amortization of right of use assets - operating leases	2,693	2,595
Amortization of right of use assets - finance leases	24,522	24,522
Changes in operating assets and liabilities		
Grants and contracts receivable	266,382	970,938
Prepaid expenses and other current assets	62,999	42,012
Accounts payable and accrued expenses	33,798	(80,075)
Accrued payroll and payroll taxes	29,972	(61,878)
Refundable advances	57,939	(2,184)
Operating lease liabilities	(3,121)	(2,594)
Scholarships payable	(31,750)	-
Net Cash from Operating Activities	<u>660,988</u>	<u>1,132,050</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	-	85,000
Purchase of investments	(139,296)	(250,832)
Purchase of property and equipment	<u>(17,968)</u>	<u>(26,050)</u>
Net Cash from Investing Activities	<u>(157,264)</u>	<u>(191,882)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Principal payments on finance lease liabilities	<u>(24,134)</u>	<u>(24,523)</u>
Net Change in Cash and Restricted Cash	479,590	915,645
CASH AND RESTRICTED CASH		
Beginning of year	<u>1,626,007</u>	<u>710,362</u>
End of year	<u>\$ 2,105,597</u>	<u>\$ 1,626,007</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 3,046	\$ 2,657

See notes to financial statements

St. HOPE Leadership Academy Charter School

Notes to Financial Statements

June 30, 2025 and 2024

1. Organization and Tax Status

St. HOPE Leadership Academy Charter School (the "School") is a New York State not-for-profit educational corporation that operates as a charter school in New York City. On January 15, 2008, the Board of Regents of the University of the State of New York ("Board of Regents"), granted the School a provisional charter valid for a term of five years and renewable upon expiration. The Board of Regents approved and issued several renewals to the School's charter expiring on June 30, 2026. The School aims to graduate self-motivated, industrious, and critically thinking leaders who are prepared to attend a four-year college, committed to serving others, and passionate about lifelong learning. The School features an extended school day and school year. The School opened in the fall of 2008, and during the 2024-2025 academic year, the School provided education to approximately 178 students in sixth through eighth grades.

The New York City Department of Education provides free lunches directly to some of the School's students. Such costs are not included in these financial statements. The School covers the cost of lunches for children not entitled to the free lunches.

The School, as determined by the Internal Revenue Service, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and the corresponding provisions of the New York State tax laws. The School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the IRC and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(ii) of the IRC.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Net Asset Presentation

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

Net assets without donor restrictions - consist of resources available for the general support of the School's operations. Net assets without donor restrictions may be used at the discretion of the School's management and/or the Board of Trustees.

Net assets with donor restrictions - represents amounts restricted by donors for specific activities of the School or to be used at a future date. The School records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the

St. HOPE Leadership Academy Charter School

Notes to Financial Statements
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies *(continued)*

Net Asset Presentation (continued)

statements of activities as net assets released from restrictions. The School had no net assets with donor restrictions at June 30, 2025 and 2024.

Cash and Restricted Cash

Under the provisions of its charter, the School established an escrow account to pay for legal and audit expenses that would be associated with a dissolution, should it occur.

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position to the amounts presented in the statements of cash flows at June 30:

	2025	2024
Cash	\$ 2,030,138	\$ 1,550,555
Restricted cash	75,459	75,452
	<u>\$ 2,105,597</u>	<u>\$ 1,626,007</u>

Fair Value Measurements

The School follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investment Valuation

Investments are stated at fair value.

Investment Income Recognition

Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of change in net assets.

St. HOPE Leadership Academy Charter School

Notes to Financial Statements

June 30, 2025 and 2024

2. Summary of Significant Accounting Policies *(continued)*

Property and Equipment

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$3,000 and a useful life in excess of one year. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods, which are reasonably assured, or the estimated useful life of the asset. Purchased property and equipment are recorded at cost at the date of acquisition. Minor costs of maintenance and repairs are expensed as incurred. All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case it is expensed as incurred.

Depreciation and amortization is recognized on the straight-line method over the estimated useful lives of such assets as follows:

Computers and equipment	5 years
Furniture and fixtures	5 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to its fair value. No impairment losses were recognized for the years ended June 30, 2025 and 2024.

Leases

The School accounts for leases under ASC Topic 842. The School determines if an arrangement is a lease at inception. Operating and finance leases are included in operating and finance right-of-use ("ROU") assets and lease liabilities in the statements of financial position. All leases are recorded on the statements of financial position except for leases with an initial term less than 12 months for which the School made the short-term lease election.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. When leases do not provide an implicit borrowing rate, the School uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset 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 School will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The School's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The School has lease agreements with lease and non-lease components, which are generally accounted for separately. The School's lease agreements do not contain any variable lease components. The School applies the short-term lease exemption to all of its classes of underlying assets.

St. HOPE Leadership Academy Charter School

Notes to Financial Statements

June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (*continued*)

Revenue and Support

Revenue from the state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agency.

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Grants and other contributions of cash are reported as net assets with donor restrictions if they are received with donor stipulations. Restricted contributions and grants that are made to support the School's current year activities are recorded as net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

Refundable Advances

The School records certain government operating revenue as refundable advances until related services are performed, at which time they are recognized as revenue. The School also records grants received prior to satisfaction of grant conditions as refundable advances.

Marketing and Recruiting

Marketing and recruiting costs are expensed as incurred for staff and student recruitment. Marketing and recruitment expense for the years ended June 30, 2025 and 2024 was \$327,141 and \$363,323 and included in marketing and recruiting expense on the statements of functional expenses.

Functional Expense Allocation

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses such as personnel service cost, fringe benefits and payroll taxes and other professional and consultant services have been allocated among program and supporting services classifications on the basis of periodic time and expense studies and other basis as determined by management of the School to be appropriate.

Accounting for Uncertainty in Income Taxes

The School recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the School had no uncertain tax positions that would require financial statement recognition or disclosure. The School is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2022.

St. HOPE Leadership Academy Charter School

Notes to Financial Statements
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (*continued*)

Reclassification

Certain 2024 accounts have been reclassified to conform to the 2025 financial statement presentation. The reclassifications had no effect on previously reported change in net assets or net assets.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 27, 2025.

3. Grants and Contracts Receivable

Grants and contracts receivable primarily consist of federal, state and city entitlements and grants. The School expects to collect these receivables in full within one year. Management has assessed the need for an allowance and has determined that such an allowance is not necessary.

4. Fair Value of Investments

The School's investments at June 30, 2025 and 2024 consisted of a government money market mutual fund in the amounts of \$3,116,796 and \$2,977,500 categorized as level 1 in the fair value hierarchy.

5. Property and Equipment

Property and equipment, net consists of the following at June 30:

	2025	2024
Computers and equipment	\$ 325,166	\$ 1,286,995
Furniture and fixtures	497,533	655,461
Leasehold improvements	847,801	855,101
	<u>1,670,500</u>	<u>2,797,557</u>
Accumulated depreciation and amortization	(1,444,000)	(2,449,282)
	<u>\$ 226,500</u>	<u>\$ 348,275</u>

Property and equipment with a cost basis and accumulated depreciation of \$1,145,025, were disposed during the year ended June 30, 2025.

St. HOPE Leadership Academy Charter School

Notes to Financial Statements

June 30, 2025 and 2024

6. Liquidity and Availability of Financial Assets

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, are comprised of the following at June 30:

	2025	2024
Cash	\$ 2,030,138	\$ 1,550,555
Grants and contracts receivable	146,035	412,417
Investments	3,116,796	2,977,500
	<u>\$ 5,292,969</u>	<u>\$ 4,940,472</u>

As part of the School's liquidity management plan, the status of grants and contracts receivable is monitored regularly and any excess cash is invested in highly liquid instruments until it is required for operational use. In the event of an unanticipated liquidity need, the School could draw upon investments to cover any temporary shortfall in funding. The School will continue to rely on funding received from the New York City Department of Education to cover its future operating costs (see Note 10).

7. Agreement with School Facility

The School shares space with P.S. 92, a New York City public school, located at 222 West 134th Street. Approximately 11,000 square feet is allocated to the School. As part of the New York City Chancellor's Charter School Initiative, the New York City Department of Education ("NYCDOE") has provided this space to the School at no charge. The services provided by the NYCDOE to the charter school, such as rent, utilities, custodial services, maintenance and school safety services are also provided at no cost. The provided space can be cancelled by NYCDOE as it is on a yearly basis.

The School is using a relative valuation model to measure the fair value of the donated space. The NYCDOE has not provided a value for the space and there is no lease agreement in place. In applying the valuation model, significant inputs include the total square footage allocated the School, the average cost per square foot based on comparable sales prices in Manhattan, New York, and the estimated discount factor applied to the cost per square foot to account for the restricted use of the space. Based on such assumptions, the School applies a relative cost per square foot calculated using all available market information in Manhattan, New York.

The School was not able to determine the value of the contributed space and related utilities and services and, therefore, did not record a value for the use of donated facilities.

8. Retirement Plan

The School has adopted a defined contribution 401(k) profit sharing plan ("the Plan") which covers most of its employees. Employees are eligible to enroll in the Plan on the first day of their one month anniversary once they have worked at least 140 hours. Those employees who are employed on the last day of the Plan year (December 31) are also eligible for employer contributions. The Plan provides for the School to contribute up to 5% of an employee's eligible

St. HOPE Leadership Academy Charter School

Notes to Financial Statements

June 30, 2025 and 2024

8. Retirement Plan (*continued*)

salary. The School's contribution becomes vested on a straight-line basis over five years. For the years ended June 30, 2025 and 2024, retirement expense for the School was \$104,050 and \$101,392, respectively.

9. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. Investments are maintained at a broker which insures the balance up to \$500,000 with Securities Investor Protection Corporation ("SIPC") insurance. The School does not believe that a significant risk of loss due to the failure of a financial institution presently exists. At June 30, 2025 and 2024, approximately \$1,855,000 and \$1,376,000 of cash was maintained with an institution in excess of FDIC limits, and approximately \$2,600,000 and \$2,400,000 of investments were maintained with an institution in excess of SIPC limits.

10. Concentration of Revenue and Support

The School receives a substantial portion of its revenue and support from the New York City Department of Education. For the years ended June 30, 2025 and 2024, the School received 89% and 82% of its total revenue and support from the New York City Department of Education. Approximately 85% and 96% of grants and contracts receivable were due from the New York State Education Department at June 30, 2025 and 2024. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

11. Commitments

On November 11, 2022, the School entered into a copy machine lease for a period of 5 years starting from November 1, 2022 to October 31, 2027. On July 1, 2022 the School entered into a label scanner lease for a period of 27 months starting from July 1, 2022 to September 29, 2024. On September 29, 2024, the School extended the scanner lease for an additional five-year operating lease term which is now set to expire on September 29, 2029.

ROU assets consist of the following at June 30, 2025:

	Operating Leases	Finance Lease
ROU assets	\$ 18,657	\$ 122,612
Accumulated amortization	(7,808)	(65,393)
	<u>\$ 10,849</u>	<u>\$ 57,219</u>
Weighted average remaining lease term	4.17 years	2.33 years
Weighted average discount rate	3.50%	4.27%

St. HOPE Leadership Academy Charter School

Notes to Financial Statements June 30, 2025 and 2024

11. Commitments (*continued*)

ROU assets consist of the following at June 30, 2024:

	Operating Leases	Finance Lease
ROU assets	\$ 5,775	\$ 122,612
Accumulated amortization	(5,115)	(40,871)
	<u>\$ 660</u>	<u>\$ 81,741</u>

Weighted average remaining lease term	0.25 years	3.33 years
Weighted average discount rate	2.88%	4.27%

The future minimum lease payments under the equipment leases are as follows for the years ending June 30:

	Operating Leases	Finance Lease
2026	\$ 2,804	\$ 27,180
2027	2,804	27,180
2028	2,804	9,060
2029	2,803	-
Total minimum lease payments	11,215	63,420
Present value discount	(794)	(2,945)
Present value of lease liability	10,421	60,475
Current portion	(2,470)	(25,183)
Lease liabilities, less current portion	<u>\$ 7,951</u>	<u>\$ 35,292</u>

Supplemental disclosure of cash flow information consists of the following at June 30:

	2025	2024
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 3,466	\$ 2,648
Operating cash flows from finance leases	3,046	2,657
Finance cash flows from finance leases	24,134	24,523
ROU assets obtained in exchange for operating lease obligation	12,882	-

St. HOPE Leadership Academy Charter School

Notes to Financial Statements June 30, 2025 and 2024

11. Commitments (*continued*)

Components for lease cost are included in rent for operating leases and equipment and furnishings for finance leases in the accompanying statements of functional expenses for the years ended June 30:

	2025	2024
Operating lease cost	\$ 3,038	\$ 2,648
Finance interest cost	3,046	2,657
Finance amortization cost	24,522	24,522
	<u>\$ 30,606</u>	<u>\$ 29,827</u>

12. Scholarships Payable

The School pays a predetermined amount for each year of a four year college/university through its scholarship program.

During the years ended June 30, 2025 and 2024, the Organization paid \$12,505 and \$83,555 of these scholarships which is allocated within student service in the accompanying statements of functional expenses.

Future minimum scholarship payments are as follows for years ended June 30:

2026	\$ 52,500
2027	35,000
2028	20,000
2029	10,000
	<u>117,500</u>
Less current portion	<u>(52,500)</u>
Scholarships payable, less current portion	<u>\$ 65,000</u>

13. Contingency

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost 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.

The School's Employee Retention Credit ("ERC") funds received are subject to audit in the current and future years. As a result, there is at least a reasonable possibility that the ERC funds received, or a portion thereof, may be repaid in the future.

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**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

**Board of Trustees
St. HOPE Leadership Academy Charter School**

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 St. HOPE Leadership Academy Charter School (the "School"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 27, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing 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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Harrison, New York
October 27, 2025

Board of Trustees
St. HOPE Leadership Academy Charter School

Auditors' Communication on Internal Control

In planning and performing our audit of the financial statements of St. HOPE Leadership Academy Charter School (the "School") as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the School's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, the audit committee, the Board of Trustees, the New York City Department of Education, the State Education Department of the State University of New York, and others within the School, and is not intended to be and should not be used by anyone other than these specified parties.

PKF O'Connor Davies, LLP

Harrison, New York
October 27, 2025

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