

ROSALYN YALOW CHARTER SCHOOL

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)



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Rosalyn Yalow Charter School

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Rosalyn Yalow Charter School, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net 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 referred to above present fairly, in all material respects, the financial position of Rosalyn Yalow Charter 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 (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 Rosalyn Yalow Charter School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Rosalyn Yalow Charter School'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 Rosalyn Yalow Charter 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 Rosalyn Yalow Charter 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.

Report on Summarized Comparative Financial Information

We have previously audited Rosalyn Yalow Charter School's June 30, 2024 financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated October 8, 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 17, 2025 on our consideration of Rosalyn Yalow Charter 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 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rosalyn Yalow Charter School's internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 17, 2025

ROSALYN YALOW CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

(With Comparative Totals for 2024)

	June 30,	
	2025	2024
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 1,271,386	\$ 290,981
Certificates of deposit	509,163	510,404
Grants and other receivables	92,732	51,572
Loan receivable	-	560,356
Investments	1,966,923	4,382,491
Prepaid expenses	94,502	47,441
TOTAL CURRENT ASSETS	3,934,706	5,843,245
<u>PROPERTY AND EQUIPMENT, net</u>	4,278,900	4,409,271
<u>OTHER ASSETS</u>		
Loan receivable	586,583	560,355
Deposits	427,787	427,787
Cash in escrow	100,000	100,000
Right-of-use asset	24,665,634	26,546,232
TOTAL ASSETS	\$ 33,993,610	\$ 37,886,890
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 160,867	\$ 234,518
Accrued payroll and benefits	176,884	477,197
Current portion of lease liability	1,804,688	1,753,515
TOTAL CURRENT LIABILITIES	2,142,439	2,465,230
<u>LONG-TERM LEASE LIABILITIES</u>	23,369,278	25,173,966
TOTAL LIABILITIES	25,511,717	27,639,196
<u>NET ASSETS</u>		
Without donor restrictions	8,471,893	10,247,694
With donor restrictions	10,000	-
TOTAL NET ASSETS	8,481,893	10,247,694
TOTAL LIABILITIES AND NET ASSETS	\$ 33,993,610	\$ 37,886,890

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

ROSALYN YALOW CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

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

	Year ended June 30, 2025			Year ended June 30, 2024
	Without Donor Restrictions	With Donor Restrictions	Total	
Operating revenue and support:				
State and local per pupil operating revenue	\$ 8,377,997	\$ -	\$ 8,377,997	\$ 8,672,705
NYC DOE Rental Assistance	2,280,598	-	2,280,598	2,389,382
Federal grants	418,799	-	418,799	472,862
TOTAL OPERATING REVENUE AND SUPPORT	11,077,394	-	11,077,394	11,534,949
Expenses:				
Program:				
Regular education	8,515,561	-	8,515,561	8,176,964
Special education	2,166,504	-	2,166,504	2,180,300
Management and general	2,442,752	-	2,442,752	1,899,027
TOTAL EXPENSES	13,124,817	-	13,124,817	12,256,291
DEFICIT FROM SCHOOL OPERATIONS	(2,047,423)	-	(2,047,423)	(721,342)
Support and other revenue:				
Contributions	10,365	10,000	20,365	325
Investment income, net	164,855	-	164,855	112,232
Interest income	96,402	-	96,402	105,456
TOTAL SUPPORT AND OTHER REVENUE	271,622	10,000	281,622	218,013
CHANGE IN NET ASSETS	(1,775,801)	10,000	(1,765,801)	(503,329)
Net assets at beginning of year	10,247,694	-	10,247,694	10,751,023
NET ASSETS AT END OF YEAR	\$ 8,471,893	\$ 10,000	\$ 8,481,893	\$ 10,247,694

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

ROSALYN YALOW CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2025

(With Comparative Totals for 2024)

	Year Ended June 30,							
	2025							2024
	Program Services				Supporting Services		Total	Total
	No. of Positions	Regular Education	Special Education	Sub-total	Management and General	Sub-total		
Personnel services costs:								
Administrative staff personnel	22	\$ 587,601	\$ 154,892	\$ 742,493	\$ 820,741	\$ 820,741	\$ 1,563,234	\$ 1,361,118
Instructional personnel	75	3,518,762	906,295	4,425,057	-	-	4,425,057	4,365,624
Non-instructional personnel	8	124,789	21,779	146,568	-	-	146,568	103,704
Total salaries and wages	105	4,231,152	1,082,966	5,314,118	820,741	820,741	6,134,859	5,830,446
Fringe benefits and payroll taxes		764,280	195,618	959,898	148,252	148,252	1,108,150	974,680
Retirement		40,293	10,313	50,606	7,816	7,816	58,422	70,309
Legal services		-	-	-	35,214	35,214	35,214	72,066
Accounting/Audit services		-	-	-	185,491	185,491	185,491	208,335
Other Purchased/Professional/Consulting Services		195,063	74,483	269,546	37,838	37,838	307,384	362,821
Building and Land Rent/Lease		1,811,873	463,750	2,275,623	351,459	351,459	2,627,082	2,627,083
Repairs and maintenance		92,457	23,665	116,122	17,934	17,934	134,056	106,938
Insurance		154,333	39,502	193,835	29,937	29,937	223,772	294,969
Supplies/Materials		151,629	26,445	178,074	-	-	178,074	228,164
Staff development		157,853	28,723	186,576	2,836	2,836	189,412	274,789
Marketing/Recruitment		342,925	76,034	418,959	38,599	38,599	457,558	306,684
Technology		80,278	20,547	100,825	15,572	15,572	116,397	106,267
Food service		3,458	603	4,061	-	-	4,061	2,542
Student services		78,915	13,763	92,678	-	-	92,678	34,452
Office expense		95,516	24,447	119,963	28,965	28,965	148,928	160,397
Depreciation and amortization		315,536	85,645	401,181	49,584	49,584	450,765	455,903
Loan forgiveness		-	-	-	560,356	560,356	560,356	-
Other		-	-	-	112,158	112,158	112,158	139,446
		<u>\$ 8,515,561</u>	<u>\$ 2,166,504</u>	<u>\$ 10,682,065</u>	<u>\$ 2,442,752</u>	<u>\$ 2,442,752</u>	<u>\$ 13,124,817</u>	<u>\$ 12,256,291</u>

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

ROSALYN YALOW CHARTER SCHOOL

STATEMENT OF CASH FLOWS

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

	Year ended June 30,	
	2025	2024
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ (1,765,801)	\$ (503,329)
Adjustments to reconcile change in net assets to net cash (used for) provided from operating activities:		
Depreciation and amortization	450,765	455,903
Loan forgiveness	560,356	-
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	(41,160)	248,623
Prepaid expenses	(47,061)	42,607
Accounts payable and accrued expenses	(73,651)	111,479
Accrued payroll and benefits	(300,313)	(62,871)
Lease liabilities, net of right-of-use asset	127,083	127,083
NET CASH (USED FOR) PROVIDED FROM OPERATING ACTIVITIES	<u>(1,089,782)</u>	<u>419,495</u>
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(320,394)	(475,164)
Purchase of investments	(7,200,184)	(10,657,231)
Sale (purchase) of certificates of deposit	1,241	(510,404)
Sale of investments	9,615,752	6,274,740
Loan receivable	<u>(26,228)</u>	<u>(1,120,711)</u>
NET CASH PROVIDED FROM (USED FOR) INVESTING ACTIVITIES	<u>2,070,187</u>	<u>(6,488,770)</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	980,405	(6,069,275)
Cash, cash equivalents and restricted cash at beginning of year	<u>390,981</u>	<u>6,460,256</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	<u>\$ 1,371,386</u>	<u>\$ 390,981</u>

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

ROSALYN YALOW CHARTER SCHOOL

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

Rosalyn Yalow Charter School (the “Charter School”) is an educational corporation that operates as a charter school in Bronx, New York. The Charter School engages its students in a process of inquiry. The students are equipped with the necessary skills to lead fulfilling personal and professional lives, including a developed sense of self, the ability to think in innovative and flexible ways, and the inspiration to make a positive impact on their community. On June 24, 2014 the Board of Regents 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 June 30, 2020. On February 24, 2020, the Charter School was granted an extension of the provisional charter for an additional term of four years, renewable upon expiration on June 30, 2024. On June 6, 2024, the Charter School was granted an extension of the provisional charter for an additional term of four years, renewable upon expiration on June 30, 2028.

On May 4, 2025, the Charter School received approval from the New York City Department of Education for a revision to its charter to add grades 6-8 to its current grade K-5 configuration beginning in the 2025-2026 school year with one grade being added each school year until grade 8 in the 2027-2028 school year.

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 Assets Without Donor Restrictions

Net 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. At June 30, 2025, the Charter School had \$10,000 net assets with donor restrictions. At June 30, 2024, there were no net assets with donor restrictions.

ROSALYN YALOW CHARTER SCHOOL

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

Revenue 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. The Charter School's State and local per pupil operating revenue qualifies as exchange transactions and the revenues are recognized over time.

State and local per pupil 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:

	June 30,		
	2025	2024	2023
Contracts receivable	\$ 27,620	\$ -	\$ 4,196

ROSALYN YALOW CHARTER SCHOOL

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

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 and unconditional promises to give are recorded as revenue in the appropriate class of net assets depending on the existence of any donor restrictions. A contribution that is received and expended in the same period for a specific purpose is classified as revenue without donor restrictions.

All donor-restricted contributions are reported as increases in net assets with donor restrictions depending 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 statement of activities and changes in net assets as the net assets are released from restrictions.

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 receivable in the accompanying statement of financial position and amounted to \$60,455 and \$51,572 at June 30, 2025 and 2024, respectively. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position. There were no cost reimbursement grants that weren't recognized at June 30, 2025 and 2024, respectively.

Cash, cash equivalents and cash in escrow

Cash and cash equivalents balances include demand deposit accounts and certain money market accounts, and are maintained at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. The Charter School considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. 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 and cash equivalents.

The Charter School maintains cash in an escrow account in accordance with the terms of its charter agreement. The agreement requires \$25,000 be placed in escrow each of the first three years of operations and a balance of \$75,000 be maintained to fund any audit and legal expenses incurred should the Charter School cease operations and dissolve. Upon the renewal of the provisional charter on February 24, 2020, the required balance of the escrow increased to \$100,000 to be funded by December 31, 2021. The amount in escrow was \$100,000 at both June 30, 2025 and 2024.

ROSALYN YALOW CHARTER SCHOOL

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

Cash and cash equivalents and cash in escrow at June 30, 2025 and 2024 consisted of the following:

	June 30,	
	2025	2024
Cash and cash equivalents	\$ 1,271,386	\$ 290,981
Cash in escrow	100,000	100,000
	<u>\$ 1,371,386</u>	<u>\$ 390,981</u>

Certificates of deposit

The Charter School maintains its certificates of deposit at a financial institution. The balance is insured at the financial institution up to \$250,000 by the FDIC. At times the Charter School's balance may exceed federally insured limits. The Charter School has not experienced any losses in such account and does not believe it is exposed to any significant risk. Certificates of deposit have a maturity date of one year or less.

Investments

Investments are maintained in accordance with the Charter School's Finance Policy Manual. The goals of this policy are the preservation of principal, the maintenance of liquidity, and to obtain a competitive return on investment subject to prevailing market conditions and safe and sound investment practices. Assets within this portfolio will be permitted to have investments maturing in one year or less.

Grants and other receivables

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 for the years ended June 30, 2025 and 2024.

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 three to fifteen years. Leasehold improvements are being amortized over the term of the lease.

Deposits

Deposits are made up of payments made to third parties in connection with facility lease agreements.

Contributed goods and services

The Charter School received transportation services, a nurse, speech therapist, occupational therapist, physical therapist, food supplies and services and lease assistance from the local district. The Charter School was unable to determine a value for these services. There were no donated property or equipment at June 30, 2025 and 2024.

ROSALYN YALOW CHARTER SCHOOL

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

In-kind contributions

Gifts and donations other than cash are recorded at fair market value at the date of contribution.

Tax exempt status

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

The Charter School files tax returns in various jurisdictions and is subject to potential examination by taxing authorities. The Charter School's current and prior three years tax returns remain subject to review by taxing authorities. Management of the Charter School believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruiting costs approximated \$457,600 and \$306,700 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.

Leases

The Charter School leases its facility and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and other 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 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 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.

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. This evaluation may require significant judgment.

ROSALYN YALOW CHARTER SCHOOL

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

Comparatives for the year 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 the Charter School's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 17, 2025, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

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 operates with a balanced budget and 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 and shows positive cash generated by operations for fiscal years 2025 and 2024.

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,	
	2025	2024
Cash and cash equivalents	\$ 1,271,386	\$ 290,981
Certificates of deposit	509,163	510,404
Investments	1,966,923	4,382,491
Grants and other receivables	92,732	51,572
Total financial assets available to management for general expenditures within one year	<u>\$ 3,840,204</u>	<u>\$ 5,235,448</u>

ROSALYN YALOW CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	June 30,	
	2025	2024
Furniture and fixtures	\$ 450,378	\$ 450,378
Leasehold improvements	5,314,536	5,010,274
Office equipment	121,181	117,711
Computers and equipment	745,296	732,634
	6,631,391	6,310,997
Less accumulated depreciation and amortization	2,352,491	1,901,726
	<u>\$ 4,278,900</u>	<u>\$ 4,409,271</u>

NOTE D: LEASES

In December 2020, the Charter School signed a lease with a third party for a new facility. This lease has a fifteen-year term with rent payments that commenced on July 1, 2021 through June 30, 2036. The annual rent shall increase approximately 5% every five years of the lease. Monthly rent expense is approximately \$208,000. Rent expense incurred under this lease for the years ended June 30, 2025 and 2024 was approximately \$2,627,000.

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

		June 30,	
		2025	2024
<u>Assets</u>			
Other assets	Right-of-use asset	<u>\$ 24,665,634</u>	<u>\$ 26,546,232</u>
<u>Liabilities</u>			
Current liabilities	Current portion of lease liability	\$ 1,804,688	\$ 1,753,515
Other liabilities	Long-term portion of lease liability	23,369,278	25,173,966
		<u>\$ 25,173,966</u>	<u>\$ 26,927,481</u>

The components of lease expense were as follows:

	Year ended June 30,	
	2025	2024
Operating lease cost	<u>\$ 2,627,082</u>	<u>\$ 2,627,083</u>

ROSALYN YALOW CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE D: LEASES, Cont'd

As of June 30, 2025, minimum payments due for lease liability for each of the five succeeding fiscal years and thereafter are as follows:

	<u>Operating leases</u>
2026	\$ 2,500,000
2027	2,625,000
2028	2,625,000
2029	2,625,000
2030	2,625,000
Thereafter	<u>16,406,250</u>
Total lease payments	29,406,250
Less: Interest	<u>(4,232,284)</u>
Present value of lease liabilities	<u><u>\$ 25,173,966</u></u>

Supplemental information:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows paid for operating lease	\$ 2,500,000	\$ 2,500,000
Right-of-use assets obtained in exchange for new lease liability (non-cash):	\$ -	\$ -
Weighted-average remaining lease term:		
Operating lease	11 years	12 years
Weighted-average discount rate:		
Operating lease	2.88%	2.88%

ROSALYN YALOW CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE E: FAIR VALUE MEASUREMENTS

Accounting principles establishes 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:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology 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 other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024.

U.S. government and U.S. agencies - Bills issued by the U.S. Treasury, the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, Government National Mortgage Association and the Federal National Mortgage Association. The fair values of U.S. treasury bills are based on quoted market prices in active markets, and are included in the Level 1 fair value hierarchy. The Charter School believes the market for U.S. treasury bills is an actively traded market given the high level of daily trading volume.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

ROSALYN YALOW CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE E: FAIR VALUE MEASUREMENTS, Cont'd

The following tables set forth by level, within the fair value hierarchy, the Charter School's assets at fair value as of June 30, 2025 and 2024:

		Assets at Fair Value		
		Level 1	Level 2	Level 3
				Total
<u>June 30, 2025</u>				
U.S. Government securities:				
U.S. Treasury Bills		\$ 1,966,923	\$ -	\$ -
Total assets at fair value		<u>\$ 1,966,923</u>	<u>\$ -</u>	<u>\$ 1,966,923</u>

		Assets at Fair Value		
		Level 1	Level 2	Level 3
				Total
<u>June 30, 2024</u>				
U.S. Government securities:				
U.S. Treasury Bills		\$ 4,382,491	\$ -	\$ -
Total assets at fair value		<u>\$ 4,382,491</u>	<u>\$ -</u>	<u>\$ 4,382,491</u>

NOTE F: 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 G: CONCENTRATIONS

Approximately 69% and 100% of grants and other receivables are due from the federal government relating to certain grants at June 30, 2025 and 2024, respectively.

For the both years ended June 30, 2025 and 2024, approximately 96% of total operating revenue and support came from per-pupil funding and rental assistance provided by New York State through the New York City School District. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

ROSALYN YALOW CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE H: RETIREMENT PLAN

The Charter School sponsors a 401(k) retirement plan (the “Plan”) for its employees. The Plan allows for the Charter School to make discretionary contributions to the Plan. The Charter School contributed approximately \$58,000 and \$70,000 to the Plan for the years ended June 30, 2025 and 2024, respectively.

NOTE I: 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 J: NET ASSETS

Net assets without donor restrictions are as follows:

	June 30,	
	2025	2024
Undesignated	\$ 4,192,993	\$ 5,838,423
Invested in property and equipment	4,278,900	4,409,271
	<u>\$ 8,471,893</u>	<u>\$ 10,247,694</u>

Net assets with donor restrictions are as follows:

	June 30,	
	2025	2024
Chess and Tutor Program	<u>\$ 10,000</u>	<u>\$ -</u>

NOTE K: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The Elementary and Secondary School Emergency Relief Fund (ESSER Fund) was established to award grants to state and local educational agencies. The Charter School has recognized \$12,369 of revenue relative to ESSER grants during the years ended June 30, 2024. There was no revenue recognized relative to ESSER grants for the year ended June 30, 2025.

ROSALYN YALOW CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2025

(With Comparative Totals for 2024)

NOTE L: LOAN RECEIVABLE

In June 2024 the Charter School entered into a loan agreement with Cardinal Hayes High School (“CHHS”), the lessor of the lease in Note D. The loan will be disbursed in installments. The first installment in the amount of \$1,095,000 was paid at the time of closing and each additional installment will be made when an advance draw request is provided by the borrower. The loan receivable is non-interest bearing and the loan shall mature on June 30, 2027. At June 30, 2025 and 2024, \$586,583 and \$1,120,711, respectively, were outstanding on the loan receivable. The loan agreement also contains a loan forgiveness clause that allows for 50% of the first installment and 50% of each additional installment to be forgiven when certain milestones are met. In July 2024, CHHS met the first milestone after providing proof of entering into an improvements contract, therefore \$560,356 of the loan was forgiven and is included in the accompanying statement of functional expenses for the year ending June 30, 2025.

ROSALYN YALOW CHARTER SCHOOL

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS



BUSINESS
ADVISORS
AND CPAS

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
Rosalyn Yalow Charter School

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 Rosalyn Yalow Charter School, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net 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 17, 2025.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rosalyn Yalow Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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, Barw & Co. LLP

Rochester, New York
October 17, 2025

ROSALYN YALOW CHARTER SCHOOL

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2025

Finding 2024-001

Statement of condition

During our audit, we noted the Charter School did not adhere to the terms of their charter agreement as the School's enrollment fell below 85% of the projected enrollment for 2023-2024 academic year and written approval from NYSED was not obtained

Criteria and effect of conditions

During our audit, we noted the Charter School's charter agreement requires the Charter School to enroll no less than 85% of the projected enrollment for a given academic year. We noted the Charter School's enrollment was 81% of the projected enrollment for the 2023-2024 academic year.

Recommendation

We recommend the Charter School obtain written approval from NYSED if enrollment falls below 85% of projected enrollment for a given academic year.

Management response

On August 15, 2023, the Charter School submitted a Charter Renewal Application to NYSED. On that application, the Charter School listed its *Approved Maximum Enrollment* as 536 students and its *Current Enrollment as of June 30, 2023* as 441 students. Based on that application on June 6, 2024, the NYS Board of Regents approved a long-term 4-year Charter Renewal for the School.

In addition on October 2, 2024, the Charter School submitted a Charter Revision Application for "Increases or decrease to the maximum enrollment and/or grade span." The application included appendix A, Table 2: Proposed Enrollment/Grade Configuration, listing student enrollment of 402 students in 2024-2025 increasing to 600 students in 2027-2028.

Status of June 30, 2025

MMB noted for the year ended June 30, 2025 the Charter School received an enrollment revision reducing enrollment from 536 to 470. We noted the Charter School's enrollment was 85% of the projected enrollment for the 2024-2025 academic year.