FUTURE LEADERS INSTITUTE CHARTER SCHOOL

NEW YORK, NEW YORK

AUDITED FINANCIAL STATEMENTS

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2025
(With Comparative totals for 2024)

MMB+CO

BUSINESS ADVISORS AND CPAS

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Future Leaders Institute Charter School

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Future Leaders Institute 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 present fairly, in all material respects, the financial position of Future Leaders Institute 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 Future Leaders Institute Charter 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 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 Future Leaders Institute 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 Responsibility 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 Future Leaders Institute 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 Future Leaders Institute 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 Information

We have previously audited Future Leaders Institute Charter School's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 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 22, 2025 on our consideration of Future Leaders Institute 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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Future Leaders Institute Charter School's internal control over financial reporting and compliance.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 22, 2025

FUTURE LEADERS INSTITUTE CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025
(With Comparative Totals for 2024)

ASSETS	June 30, 2025	June 30, 2024
CURRENT ASSETS		
Cash and cash equivalents	$ 3,076,978	$ 2,948,470
Certificates of deposit	1,639,237	2,287,400
Grants and other receivables	189,916	319,127
Prepaid expenses and other current assets	63,611	34,971
TOTAL CURRENT ASSETS	4,969,742	5,589,968
PROPERTY AND EQUIPMENT, net	81,771	75,017
OTHER ASSETS		
Certificates of deposit - long-term	1,136,338	1,154,975
Cash in escrow	70,253	70,223
	1,206,591	1,225,198
TOTAL ASSETS	$ 6,258,104	$ 6,890,183
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 277,159	$ 197,675
Accrued payroll and benefits	797,065	746,251
Accrued pension liability	793,036	915,012
Deferred revenue	81,760	-
TOTAL CURRENT LIABILITIES	1,949,020	1,858,938
NET ASSETS		
Without donor restrictions	4,298,586	5,018,122
With donor restrictions	10,498	13,123
TOTAL NET ASSETS	4,309,084	5,031,245
TOTAL LIABILITIES AND NET ASSETS	$ 6,258,104	$ 6,890,183

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

FUTURE LEADERS INSTITUTE 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			2024
	Without donor restrictions	With donor restrictions	Total	Total
Operating revenue and support:				
State and local per pupil operating revenue	$ 5,585,430	$ -	$ 5,585,430	$ 6,157,668
Government grants	296,953	-	296,953	438,435
Contributions	5,770	-	5,770	3,500
Contributions - nonfinancial assets	1,394,741	-	1,394,741	1,600,801
Investment income, net	273,995	-	273,995	84,751
Other income	-	-	-	4
Net assets released from restriction	2,625	(2,625)	-	-
TOTAL OPERATING REVENUE AND SUPPORT	7,559,514	(2,625)	7,556,889	8,285,159
Expenses:				
Program:				
Regular education	4,224,106	-	4,224,106	4,446,967
Special education	3,050,683	-	3,050,683	2,642,080
Other education	317,928	-	317,928	381,711
Management and general	686,333	-	686,333	633,834
TOTAL EXPENSES	8,279,050	-	8,279,050	8,104,592
CHANGE IN NET ASSETS	(719,536)	(2,625)	(722,161)	180,567
Net assets at beginning of year	5,018,122	13,123	5,031,245	4,850,678
NET ASSETS AT END OF YEAR	$ 4,298,586	$ 10,498	$ 4,309,084	$ 5,031,245

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

FUTURE LEADERS INSTITUTE CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

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

		Program Services				Management	Total	
							Year ended June 30,	
	No. of Positions	Regular Education	Special Education	Other Education	Sub-total	Management and General	2025	2024
Personnel Services Costs:								
Administrative staff personnel	9	$ 505,250	$ 216,896	$ -	$ 722,146	$ 180,536	$ 902,682	$ 817,591
Instructional personnel	36	1,589,109	1,381,580	126,739	3,097,428	-	3,097,428	2,899,616
Non-instructional personnel	1	40,603	17,430	-	58,033	14,509	72,542	116,555
Total salaries and wages	46	2,134,962	1,615,906	126,739	3,877,607	195,045	4,072,652	3,833,762
Fringe benefits and payroll taxes		747,719	565,933	44,387	1,358,039	78,516	1,436,555	1,274,881
Retirement		186,457	80,043	-	266,500	9,169	275,669	404,852
Legal service		-	-	-	-	17,815	17,815	4,165
Accounting / audit services		-	-	-	-	256,119	256,119	236,418
Other purchased / professional / consulting services		36,635	15,727	89,043	141,405	47,961	189,366	212,035
In-kind rent		731,150	553,391	43,404	1,327,945	66,796	1,394,741	1,600,801
Insurance		55,953	42,350	3,322	101,625	5,112	106,737	102,786
Supplies / materials		47,769	20,506	-	68,275	-	68,275	80,029
Equipment / furnishings		4,424	3,348	263	8,035	404	8,439	6,654
Staff development		116,646	52,846	502	169,994	773	170,767	78,989
Marketing / recruitment		31,030	14,498	213	45,741	328	46,069	35,302
Technology		19,255	14,574	1,143	34,972	1,759	36,731	42,636
Student services		40,561	17,412	4,666	62,639	-	62,639	55,810
Office expense		29,690	22,471	1,762	53,923	2,712	56,635	76,597
Depreciation		39,740	30,078	2,359	72,177	3,631	75,808	58,875
Other		2,115	1,600	125	3,840	193	4,033	-
		$ 4,224,106	$ 3,050,683	$ 317,928	$ 7,592,717	$ 686,333	$ 8,279,050	$ 8,104,592

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

FUTURE LEADERS INSTITUTE CHARTER SCHOOL

STATEMENT OF CASH FLOWS

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

	Year ended June 30, 2025	Year ended June 30, 2024
CASH FLOWS - OPERATING ACTIVITIES		
Change in net assets	$ (722,161)	$ 180,567
Adjustments to reconcile change in net assets to net cash (used for) provided from operating activities:		
Depreciation	75,808	58,875
Unrealized gain on investments	(20,200)	(3,210)
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	129,211	1,617,673
Prepaid expenses and other current assets	(28,640)	7,652
Accounts payable and accrued expenses	79,484	(38,824)
Accrued payroll and benefits	50,814	(91,630)
Accrued pension liability	(121,976)	50,104
Deferred revenue	81,760	-
NET CASH (USED FOR) PROVIDED FROM OPERATING ACTIVITIES	(475,900)	1,781,207
CASH FLOWS - INVESTING ACTIVITIES		
Purchase of certificates of deposit	(1,634,000)	(3,446,000)
Maturity of certificates of deposit	2,321,000	1,403,000
Purchases of property and equipment	(82,562)	-
NET CASH PROVIDED FROM (USED FOR) INVESTING ACTIVITIES	604,438	(2,043,000)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	128,538	(261,793)
Cash, cash equivalents, and restricted cash at beginning of year	3,018,693	3,280,486
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	$ 3,147,231	$ 3,018,693

FUTURE LEADERS INSTITUTE CHARTER SCHOOL

STATEMENT OF CASH FLOWS, Cont'd

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

	Year ended June 30, 2025	Year ended June 30, 2024
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position that sum to the total amounts shown in the statement of cash flows:		
Cash and cash equivalents	$ 3,076,978	$ 2,948,470
Cash in escrow	70,253	70,223
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	$ 3,147,231	$ 3,018,693
NON-CASH OPERATING ACTIVITIES		
In-kind contributed rent	$ 1,394,741	$ 1,600,801

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

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

The Charter School

Future Leaders Institute Charter School (the "Charter School") is an educational corporation that operates as a conversion charter school in New York, New York. 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 its expiration. The Charter School was granted an extension of the provisional charter by its authorizer, the New York City Department of Education, for an additional term of four years, renewable upon expiration on June 30, 2026. The Charter School serves students in kindergarten through 8th grade.

The Charter School believes that strong teaching in a caring environment, combined with an intensive and extensive school day, empowers today's children to be the leaders of tomorrow. The mission is to expand opportunities for students who historically have had limited access to rigorous academic instruction, and to empower them to make informed, deliberate decisions so that they may lead socially responsible, productive lives. The Charter School fulfills this mission by offering an innovative, academically rigorous learning community where students of all ability levels can meet academic success.

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 are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions
Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. 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 $10,498 and $13,123 of net assets with donor restrictions at June 30, 2025 and 2024, respectively.

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

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.

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

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 Charter 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.

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

	June 30,		
	2025	2024	2023
Grants and other receivables	$ 26,740	$ 7,625	$ 23,250

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 are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. A contribution that is received and expended in the same year for a specific purpose is classified as revenue without donor restriction. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, 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.

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 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. There were revenues deferred of $81,760 at June 30, 2025. There were no revenues deferred at June 30, 2024. There were no awarded cost-reimbursement grants unspent at June 30, 2025 or 2024.

Cash and cash equivalents

Cash and cash equivalents balances are maintained at financial institutions located in New York and are insured by the Federal Deposit Insurance Corporation up to $250,000. For purposes of the statement of cash flows, the Charter School considers all highly liquid debt instruments, including money market funds, 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.

Cash in escrow

The Charter School maintains cash in an escrow account in accordance with the terms of its charter agreement. The agreement requires a balance of $70,000 be maintained to fund any audit and legal expenses incurred should the Charter School cease operations and dissolve. The amount in escrow was $70,253 and $70,223 at June 30, 2025 and 2024, respectively.

Certificates of deposit

Certificates of deposit are measured at fair value. Maturities range from one to two years, with interest rates ranging from 4.15% to 5.05% as of June 30, 2025.

Investment income includes interest, recorded on an accrual basis, dividends, net realized gains and losses, and net unrealized gains and losses, resulting from the change in prevailing market value of investments. Purchase and sales of investments are recorded on a trade-date basis.

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.

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

Property and equipment

Property and equipment are recorded at cost. Depreciation is 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 five 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.

Contributed services

The Charter School receives contributed services from volunteers to develop its academic program and to serve on the Board of Trustees. In addition, the Charter School receives donated custodial services, school safety services and utilities provided by the local district. The Charter School was unable to determine a value for these services.

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 it has no material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits.

Marketing costs

The Charter School expenses marketing costs as they are incurred. Total marketing and recruiting costs approximated $46,000 and $35,000 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.

Functional allocation of expenses

The costs of programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Other education relates to the Charter School's extended day and summer school programming.

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

Comparatives for 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.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 22, 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. Financial assets in excess of daily cash requirements are invested in certificates of deposit.

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 education and public service as well as the conduct of services undertaken to support those activities to be general expenditures.

The Charter School experienced an operating loss of approximately $722,000 during fiscal 2025 and has budgeted for a deficit of approximately $1,000,000 for fiscal 2026 due to challenges in meeting enrollment targets. The Charter School maintains significant cash reserves which will be used to fund operations while enrollment efforts are realized and additional revenue sources are pursued. As a result, the Charter School believes adequate liquidity is available over the next 12 months. Refer to the statement of cash flows which identifies the sources and uses of the Charter School's cash and cash equivalents.

NOTE B: LIQUIDITY AND AVAILABILITY, Cont'd

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:

	June 30, 2025	June 30, 2024
Cash and cash equivalents	$ 3,076,978	$ 2,948,470
Certificates of deposit	1,639,237	2,287,400
Grants and other receivables	189,916	319,127
Total financial assets available within one year	4,906,131	5,554,997
Less:		
Amounts unavailable for general expenditure within one year, due to:		
Restricted by donors with purpose restrictions	10,498	13,123
Total financial assets available to management for general expenditures within one year	$ 4,895,633	$ 5,541,874

NOTE C: INVESTMENTS

Investments in marketable securities are recorded at fair value based on quoted market prices. The Charter School invests in certificates of deposit. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

NOTE D: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	June 30, 2025	June 30, 2024
Computer equipment	$ 437,082	$ 361,108
Furniture and other office equipment	18,536	18,536
	455,618	379,644
Less accumulated depreciation	373,847	304,627
	$ 81,771	$ 75,017

Total depreciation expense was $75,808 and $58,875 for the years ended June 30, 2025 and 2024, respectively.

NOTE E: FAIR VALUE MEASUREMENTS

U.S. GAAP 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 under U.S. GAAP 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 or 2024:

Certificates of deposit: Valued by third-party brokers based on terms and conditions using trades, bid price or spread, two sided markets, quotes, benchmark curves, discount rates, TRACE trade reports, financial statements and trustee reports.

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 Charter School 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.

NOTE E: FAIR VALUE MEASUREMENTS, Cont'd

The following table presents by level, within the fair value hierarchy, the Charter School's assets measured at fair value on a recurring basis at June 30, 2025 and 2024:

	Level 1	Level 2	Level 3	Total
June 30, 2025				
Certificates of deposit	$ -	$ 2,775,575	$ -	$ 2,775,575
Total assets at fair value	$ -	$ 2,775,575	$ -	$ 2,775,575
June 30, 2024				
Certificates of deposit	$ -	$ 3,442,375	$ -	$ 3,442,375
Total assets at fair value	$ -	$ 3,442,375	$ -	$ 3,442,375

NOTE F: NET ASSETS

Net assets without donor restrictions consist of the following:

	June 30,	
	2025	2024
Undesignated	$ 4,216,815	$ 4,943,105
Invested in property and equipment	81,771	75,017
	$ 4,298,586	$ 5,018,122

Net assets with donor restrictions consist of the following:

	June 30,	
	2025	2024
After school tutoring program	$ 10,498	$ 13,123

NOTE G: 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 H: CONCENTRATIONS

At June 30, 2025 and 2024, approximately 70% and 80%, respectively, of grants and other receivables are due from federal agencies relating to certain grants.

For the years ended June 30, 2025 and 2024, approximately 74% and 76%, respectively, 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.

NOTE I: SCHOOL FACILITY – GIFT-IN-KIND

The Charter School has entered into a verbal agreement with the New York City Department of Education for dedicated and shared space at P.S. 242, a New York City Public School and utilizes approximately 102,000 square feet at no charge. Pursuant to the terms of the Agreement, the Charter School shall not pay for the use of the shared facility. In valuing the contributed space in the school building, the Charter School estimated the fair value of $1,394,741 and $1,600,801 for the years ended June 30, 2025 and 2024, respectively, 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.

See the table below for program utilization:

	Year ended June 30,	
Program or Supporting Service	2025	2024
Regular education	$ 731,150	$ 903,480
Special education	553,391	562,941
Other education	43,404	56,412
Management and general	66,796	77,968
	$ 1,394,741	$ 1,600,801

NOTE J: MULTI-EMPLOYER BENEFIT PLAN

The Charter School participates in a multi-employer benefit plan that provides defined benefits to certain contract labor employees covered by a collective bargaining agreement. The Charter School contributed $400,749 and $336,897 to the plan during the years ended June 30, 2025 and 2024, respectively. The Charter School's participation in this plan for the annual period ended June 30, 2025 is outlined below. The "EIN/Pension Plan Number" column provides the Employer Identification Number ("EIN"). The most recent Pension Protection ("PPA") zone status is not applicable because it is a government plan. As of the most current report on file with the City of New York's Office of the Actuary, which is for the fiscal year ended June 30, 2024, the net position restricted for benefits was approximately $74,488,000,000 and the accumulated benefit obligations was approximately $86,910,000,000 which results in the plan being 86% funded.

Information on the Teachers' Retirement System of the City of New York Pension Plan as of June 30, 2025 consisted of the following:

EIN/Pension Plan Number	Plan End Date	PPA Zone Status	Collective Bargaining Agreement Expiration Date	Contribution
90-0584726	6/30/24	N/A	11/28/2027	$ 400,749

NOTE K: RETIREMENT PLAN

The Charter School sponsors a defined contribution 403(b) plan ("the Plan") covering all eligible non-union employees. All non-union employees are immediately eligible to participate in the Plan. The Plan allows for the Charter School to make a matching contribution to the Plan up to 6% of eligible compensation. The Charter School contributed $9,169 and $10,990 to the Plan for the years ended June 30, 2025 and 2024, respectively.

NOTE L: UNION AGREEMENT

As a conversion charter school, the Charter School is a unionized school and as such is required to follow the union contract agreed upon between the United Federation of Teachers Union ("UFT"), the Council of School Supervisors and Administrators ("CSA") and the City of New York. The union agreement covering UFT employees expired on September 13, 2022. In June 2023, the agreement was renewed on a retroactive basis to September 14, 2022 and through November 28, 2027.

NOTE M: 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. Expenses (including salaries, benefits, payroll taxes, purchased services, in-kind rent, and supplies and materials) which are allocated to more than one program or supporting function are allocated on the basis of estimates of time, effort and usage.

NOTE N: RENEWAL PROCESS

The Charter School is currently in the process of renewing its charter by the New York State Board of Regents. The charter currently expires June 30, 2026. The renewal process includes review by the New York City Department of Education (NYCDOE) of various operational and governance aspects, including fiscal health and internal controls, board governance, and academic performance. The Charter School has submitted its application for renewal. Upon review of the application and results, NYCDOE will determine if the charter should be renewed, and if so, for how long. Successful charter renewals can range from one to five years. At this time, management of the Charter School expects the charter to be renewed.

FUTURE LEADERS INSTITUTE CHARTER SCHOOL

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
Future Leaders Institute 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 Future Leaders Institute 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 22, 2025.

Report on Internal Control over Financial Reporting

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

Rochester, New York
October 22, 2025