NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY

Consolidated Financial Statements with Supplementary Information

For the years ended June 30, 2026 and 2025

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY
Consolidated Financial Statements
June 30, 2026 and 2025

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Independent Auditor's Report

To the Board of Trustees of
New World Preparatory Charter School and Subsidiary

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the accompanying consolidated financial statements of New World Preparatory Charter School and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2026 and 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of New World Preparatory Charter School and Subsidiary as of June 30, 2026 and 2025, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of New World Preparatory Charter School and Subsidiary 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 opinions.

Responsibilities of Management for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about New World Preparatory Charter School and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 New World Preparatory Charter School and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New World Preparatory Charter School and Subsidiary'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.

Supplementary Information
Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary financial information from page 19 to 25 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2026, on our consideration of New World Preparatory Charter School and Subsidiary'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 New World Preparatory Charter School and Subsidiary'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 New World Preparatory Charter School and Subsidiary's internal control over financial reporting and compliance.



New York, New York
October 29, 2026

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY
Consolidated Statements of Financial Position
As of June 30,

	2026	2025
Assets		
Current assets		
Cash and cash equivalents	$ 4,860,547	$ 2,736,699
Grants receivable	170,232	279,874
Total current assets	5,030,779	3,016,573
Property and equipment, net	68,263,251	69,160,527
Operating lease right-of-use assets	697,787	761,639
Other assets		
Security deposits	36,300	69,633
Restricted cash and escrow reserves	3,263,409	5,294,897
Total assets	$ 77,291,526	$ 78,303,269
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 760,098	$ 898,556
Accrued salaries and other payroll-related expenses	1,570,838	1,419,654
Construction costs payable	-	564,679
Bonds payable - current portion	885,000	850,000
Short-term operating lease liabilities	317,258	281,038
Refundable advances	315,043	593,920
Total current liabilities	3,848,237	4,607,847
Long-term liabilities		
Long-term operating lease liabilities	380,529	480,601
Bonds payable, net	50,207,922	51,140,020
Total liabilities	54,436,688	56,228,468
Net assets		
Net assets without donor restrictions		
Undesignated	22,738,996	21,963,115
Reserve - contingency	115,842	111,686
Total net assets	22,854,838	22,074,801
Total liabilities and net assets	$ 77,291,526	$ 78,303,269

The accompanying notes are an integral part of these consolidated financial statements.

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY
Consolidated Statements of Activities
For the years ended June 30,

	2026			2025		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Operating revenue and other support						
State and local per pupil operating revenue						
General education	$ 17,066,325	$ -	$ 17,066,325	$ 15,304,235	$ -	$ 15,304,235
Special education	3,287,225	-	3,287,225	2,843,786	-	2,843,786
Facility lease assistance	-	-	-	248,697	-	248,697
Total state and local per pupil operating revenue	20,353,550	-	20,353,550	18,396,718	-	18,396,718
Grants, contracts and other support						
State and local grants	72,012	-	72,012	72,452	-	72,452
Federal grants	982,147	-	982,147	1,007,124	-	1,007,124
Employee retention credit	-	-	-	505,530	-	505,530
Contributions	644,230	-	644,230	393,050	-	393,050
Interest and other income	440,882	-	440,882	623,309	-	623,309
Net assets released from restrictions	-	-	-	50,000	(50,000)	-
Total operating revenue and other support	22,492,821	-	22,492,821	21,048,183	(50,000)	20,998,183
Expenses						
Program expenses						
Regular education	15,541,428	-	15,541,428	12,586,390	-	12,586,390
Special education	4,115,573	-	4,115,573	2,960,526	-	2,960,526
Total program expenses	19,657,001	-	19,657,001	15,546,916	-	15,546,916
Supporting services						
Management and general	2,053,203	-	2,053,203	1,666,479	-	1,666,479
Fundraising	2,580	-	2,580	108,869	-	108,869
Total program and supporting services expenses	21,712,784	-	21,712,784	17,322,264	-	17,322,264
Change in net assets	780,037	-	780,037	3,725,919	(50,000)	3,675,919
Net assets - beginning of year	22,074,801	-	22,074,801	18,348,882	50,000	18,398,882
Net assets - end of year	$ 22,854,838	$ -	$ 22,854,838	$ 22,074,801	$ -	$ 22,074,801

The accompanying notes are an integral part of these consolidated financial statements.

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY
Consolidated Statement of Functional Expenses
For the year ended June 30, 2026

	No. of positions	Program expenses: Regular education	Program expenses: Special education	Program expenses: Total programs	Supporting services: Fundraising	Supporting services: Management and general	Total Program and Supporting Services
Salaries							
Instructional personnel	105	$ 5,949,883	$ 1,754,963	$ 7,704,846	$ -	$ -	$ 7,704,846
Administrative staff personnel	11	891,613	32,873	924,486	-	518,765	1,443,251
Non-instructional personnel	8	334,187	12,321	346,508	-	194,439	540,947
Total salaries	124	7,175,683	1,800,157	8,975,840	-	713,204	9,689,044
Operating expenses							
Payroll taxes and fringe benefits		1,768,505	443,663	2,212,168	-	175,775	2,387,943
Retirement		127,280	31,931	159,211	-	12,651	171,862
Contracted services		124,746	34,177	158,923	-	472,375	631,298
Administrative		71,598	17,962	89,560	-	7,116	96,676
Marketing and recruitment		152,887	38,355	191,242	-	15,196	206,438
Legal and professional fees		17,168	4,415	21,583	-	80,143	101,726
Other purchase/professional/consulting		218,569	54,832	273,401	-	21,724	295,125
Insurance		202,388	50,773	253,161	-	20,116	273,277
Repairs and maintenance		920,200	230,850	1,151,050	-	91,460	1,242,510
Occupancy		528,229	132,516	660,745	-	52,502	713,247
School and staff development		176,442	44,264	220,706	-	17,537	238,243
Student services		11,225	195,708	206,933	-	1,439	208,372
Food service		400,798	113,046	513,844	-	-	513,844
Supplies and instructional materials		308,681	77,438	386,119	-	30,680	416,799
Equipment and furnishings		97,855	24,549	122,404	-	9,726	132,130
Technology		66,040	16,567	82,607	-	6,564	89,171
Utilities		295,262	74,072	369,334	-	29,347	398,681
Interest expense		1,462,016	366,775	1,828,791	-	145,312	1,974,103
Depreciation		1,335,154	334,949	1,670,103	-	132,703	1,802,806
Loss on disposal of fixed assets		24,854	6,235	31,089	-	2,471	33,560
Other expenses		55,848	22,339	78,187	2,580	15,162	95,929
Total operating expenses		8,365,745	2,315,416	10,681,161	2,580	1,339,999	12,023,740
Total expenses		$ 15,541,428	$ 4,115,573	$ 19,657,001	$ 2,580	$ 2,053,203	$ 21,712,784

The accompanying notes are an integral part of these consolidated financial statements.

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY
Consolidated Statement of Functional Expenses
For the year ended June 30, 2025

	No. of positions	Program expenses: Regular education	Program expenses: Special education	Program expenses: Total programs	Supporting services: Fundraising	Supporting services: Management and general	Total Program and Supporting Services
Salaries							
Instructional personnel	104	$ 5,849,517	$ 1,515,990	$ 7,365,507	$ -	$ -	$ 7,365,507
Administrative staff personnel	9	758,535	24,573	783,108	-	410,793	1,193,901
Non-instructional personnel	9	386,709	11,499	398,208	-	210,456	608,664
Total salaries	122	6,994,761	1,552,062	8,546,823	-	621,249	9,168,072
Operating expenses							
Payroll taxes and fringe benefits		1,539,628	341,627	1,881,255	-	136,744	2,017,999
Retirement		135,767	30,125	165,892	-	12,058	177,950
Contracted services		144,746	34,177	178,923	-	410,066	588,989
Administrative		70,773	15,704	86,477	-	6,286	92,763
Marketing and recruitment		117,112	25,986	143,098	-	10,401	153,499
Legal and professional fees		44,009	8,745	52,754	-	62,130	114,884
Other purchase/professional/consulting		198,915	44,137	243,052	105,000	17,667	365,719
Insurance		75,282	16,704	91,986	-	125,723	217,709
Repairs and maintenance		562,123	124,729	686,852	-	49,926	736,778
Occupancy		922,468	204,686	1,127,154	-	81,930	1,209,084
School and staff development		195,931	43,475	239,406	-	17,402	256,808
Student services		8,682	151,377	160,059	-	1,113	161,172
Food service		366,618	103,405	470,023	-	-	470,023
Supplies and instructional materials		267,842	59,431	327,273	-	23,789	351,062
Equipment and furnishings		101,325	22,483	123,808	-	8,999	132,807
Technology		105,708	23,455	129,163	-	9,389	138,552
Utilities		258,683	57,399	316,082	-	22,975	339,057
Interest expense		58,653	-	58,653	-	-	58,653
Depreciation		338,933	69,748	408,681	-	27,918	436,599
Other expenses		78,431	31,071	109,502	3,869	20,714	134,085
Total operating expenses		5,591,629	1,408,464	7,000,093	108,869	1,045,230	8,154,192
Total expenses		$ 12,586,390	$ 2,960,526	$ 15,546,916	$ 108,869	$ 1,666,479	$ 17,322,264

The accompanying notes are an integral part of these consolidated financial statements.

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY
Consolidated Statements of Cash Flows
For the years ended June 30,

	2026	2025
Cash flows from operating activities		
Change in net assets	$ 780,037	$ 3,675,919
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,802,806	436,599
Amortization of debt issuance costs	58,653	58,653
Amortization of premium to bonds payable	(105,750)	-
Amortization of operating lease right-of-use assets	359,317	803,988
Loss on disposal of fixed assets	33,560	-
Changes in operating assets and liabilities		
Grants receivable	109,642	1,296,996
Security deposits	33,333	(36,300)
Accounts payable and accrued expenses	(138,459)	384,117
Accrued salaries and other payroll-related expenses	151,184	(74,417)
Operating lease liabilities	(359,317)	(803,988)
Refundable advances	(278,877)	296,034
Net cash provided by operating activities	2,446,129	6,037,601
Cash flows from investing activities		
Acquisition of fixed assets	(1,503,769)	(12,811,579)
Other escrow	-	777,865
Net cash used in investing activities	(1,503,769)	(12,033,714)
Cash flows from financing activities		
Repayment of bonds payable	(850,000)	(820,000)
Net cash used in financing activities	(850,000)	(820,000)
Net change in cash, cash equivalents and restricted cash	92,360	(6,816,113)
Cash, cash equivalents and restricted cash - beginning of year	8,031,596	14,847,709
Cash, cash equivalents and restricted cash - end of year	$ 8,123,956	$ 8,031,596
Cash, cash equivalents and restricted cash as reported within the consolidated statements of financial position		
Cash and cash equivalents	$ 4,860,547	$ 2,736,699
Restricted cash and escrow reserves	3,263,409	5,294,897
	$ 8,123,956	$ 8,031,596
Supplemental disclosure		
Cash paid for interest (expensed)	$ 2,021,200	$ -
Cash paid for interest (capitalized)	$ -	$ 2,054,712

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 Organization

New World Preparatory Charter School (the "School"), a 501(c)(3) tax-exempt organization, is a public charter school located in Staten Island, New York. The School was granted a five-year charter in 2010 and commenced sixth grade classes in September 2010. Seventh and eighth grade classes were added in the 2011 and 2012 school years. The School was granted the expansion from kindergarten to fifth grade under its second charter renewal for an additional five years effective January 9, 2018. In September 2018, fifth grade was added, followed by kindergarten and first grade in 2019. Second, third and fourth grades were subsequently added each year during 2020 to 2022, making it a kindergarten through eighth grade school. The School is committed to providing a high-quality educational program that promotes academic excellence and student achievement. To fulfill this mission, the School employs research-based instructional practices, including rigorous and relevant curricula, individualized learning approaches, targeted professional development for instructional staff, and meaningful engagement with families and the broader community. The School's charter was renewed in 2023 for an additional five-year term and remains in effect through July 31, 2028.

Friends of New World Prep, Inc. (the "Friends of NWP") is a non-profit organization, founded in September 2018 under Section 402 of the Not-for-Profit Corporation Law of the State of New York. Friends of NWP is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Friends of NWP is controlled by the School in its capacity as the sole member of Friends of NWP.

From here on in, the School and Friends of NWP are referred to as the "Organization".

Note 2 Summary of significant accounting policies

Principles of consolidation. The financial statements are consolidated to include the accounts of the School and the Friends of NWP. All significant intercompany transactions and balances have been eliminated in the consolidation.

Basis of presentation and use of estimates. The consolidated financial statements have been prepared in conformity 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 as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 Summary of significant accounting policies - (continued)

Cash and cash equivalents. The Organization considers all short-term, highly liquid investments, such as money market funds, to be cash equivalents.

Financial statements presentation. The consolidated financial statements of the Organization follow the accounting standards for not-for-profit organizations, which require the Organization to report information regarding its consolidated statements of financial position and consolidated statements of activities according to the following net assets classifications:

Net Assets without donor restrictions. Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

Net Assets with donor restrictions. Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

Revenue recognition. The Organization recognizes revenue from the state and local governments based on the School's charter status and the number of students enrolled. Such revenue is recorded when services are performed, in accordance with the charter agreement. The New York State Education Department mandates the rate per pupil. Such revenue is recognized ratably over the related school year in which it is earned.

Grants and contracts revenue is recognized when qualifying expenditures are incurred and/or services are provided to the students during the applicable school year. Funds received in advance or any unspent funds for which qualifying expenditures have not been incurred are recorded as refundable advances. Any unspent amounts might be returned to the granting agency or the granting agency can approve that those amounts be applied to a future grant period.

Grants receivable. Grants receivable are recorded at net realizable value and do not bear interest. The allowance for doubtful accounts is the Organization's best estimate of the amount of expected credit losses in existing receivables. Management determines the allowance based on analysis of the accounts receivable aging, historical collection experience, and an evaluation of current and projected economic conditions that may impact collectability. Past due balances are reviewed individually for collectability. Grants receivable are $170,232 and $279,874 as of June 30, 2026 and 2025, respectively. There is no allowance recorded as of June 30, 2026 and 2025 as all amounts are deemed collectible.

Note 2 Summary of significant accounting policies - (continued)

Reserve contingency. Under the provisions of its charter, the Organization established an escrow amount to pay for legal and audit expenses that would be associated with dissolution, should such event occur.

Property and equipment. Property and equipment are recorded at cost. Donated assets are capitalized at the estimated fair value at date of receipt. Maintenance and repairs are charged to expense as incurred; significant improvements are capitalized. The Organization capitalizes additions and significant improvements in excess of $1,000. Items with an acquisition cost of less than $1,000 or a useful life of less than one year are expensed in the year purchased. Depreciation is computed using the straight-line method over estimated useful lives of the respective assets. The estimated depreciable lives of the different classes of property are as follows:

Asset	Useful Life
Building	39 years
Furniture and fixtures	7 years
Leasehold improvements	5 years
Computer and office equipment	3 years

Construction-in-progress as of June 30, 2025 consists of costs incurred for architecture, engineering, and professional fees related to the construction of the Organization's new facility. Construction-in-progress is stated at cost. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and put into use.

Leases. The Organization determines if a contract is a leasing arrangement at inception. Operating lease right-of-use assets represent the right to control the use of an identified asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Organization uses the risk-free rate of return. The Organization recognizes operating lease expense for operating leases on a straight-line basis over the lease term.

The Organization rents spaces and office equipment under various non-cancelable operating leases. Leases with an initial term of 12 months or less are not recorded on the consolidated statements of financial position and are expensed on a straight-line basis.

Refundable advances. Funds received in advance for which qualifying expenditures have not been incurred are reflected as refundable advances from state and local government grants in the accompanying consolidated statements of financial position.

Note 2 Summary of significant accounting policies - (continued)

Donated goods and services. The Organization receives donated services from unpaid volunteers. No amounts have been recognized in the accompanying consolidated statements of activities, since the services do not meet the specialized skill criteria for recognition under U.S. GAAP.

The Organization received donated transportation and food services from the local district. The Organization was unable to determine a value for these services.

Functional expenses. The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among program services, administrative and fundraising. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Salaries	Time and effort
Payroll taxes and fringe benefits	Time and effort
Financial and administrative	Time and effort
Insurance	Personnel service cost
Repairs and maintenance	Time and effort
Building, equipment leasing and furnishings	Square Footage
Occupancy	Square Footage
Interest expense	Square Footage
Depreciation	Square Footage

Income taxes. The School and Friends of NWP are tax-exempt under Section 501(c)(3) of the Internal Revenue Code (IRC) and have been classified as a publicly supported organization as described in IRC sections 509(a)(1) and 170(b)(1)(A)(ii).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that, as of June 30, 2026, there are no uncertain positions taken or expected to be taken that would require recognition or disclosure in the accompanying consolidated financial statements.

The Organization is no longer subject to income tax examination by federal, state or local tax authorities for years before June 30, 2023.

Reclassification. Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Note 3 Liquidity and availability

Financial Assets:	2026	2025
Cash and cash equivalents	$ 4,860,547	$ 2,736,699
Grants receivable	170,232	279,874
Amount available for general expenditure within one year	$ 5,030,779	$ 3,016,573

Note 4 Accrued salaries and other payroll-related expenses

Accrued salaries and other payroll-related expenses consist of amounts earned by the staff during the school year which are paid out over the summer months. As of June 30, 2026 and 2025, accrued bonuses relating to a retention plan were approximately $175,000 and $175,000, respectively. Also included in accrued salaries and other payroll-related expenses is accrued salary of $1,395,838 and $1,244,654 as of June 30, 2026 and 2025, respectively.

Note 5 Property and equipment

Property and equipment consist of the following as of June 30:

	2026	2025
Leasehold improvements	$ -	$ 1,546,985
Land	1,919,232	1,919,232
Building	67,196,273	959,356
Furniture and fixtures	675,254	413,844
Computer equipment	1,709,684	2,291,371
Office equipment	93,747	119,872
Construction-in-progress	-	65,792,180
	71,594,190	73,042,840
Less, accumulated depreciation	(3,330,939)	(3,882,313)
	$ 68,263,251	$ 69,160,527

During the year ended June 30, 2026, the School recorded disposal of fixed assets in the amount of $2,387,739 for the fixed assets that are no longer in use.

Note 6 Restricted cash and escrow reserves

Restricted cash and escrow reserve accounts as of June 30 are as follows:

	2026	2025
Debt service reserve fund	$ 2,917,501	$ 2,886,118
Project fund	-	9,111
Capitalized interest fund	128,914	2,204,515
Repair and replacement fund	101,152	83,467
Reserve - contingency	115,842	111,686
	$ 3,263,409	$ 5,294,897

Note 7 Retirement plan

The Organization offers a 401(k) plan for all qualifying employees. Employees are eligible for the plan immediately upon employment. Participation in the plan is voluntary. Employees can make pretax contributions up to a maximum of 100% of their annual compensation, up to IRS limits for each calendar year. The Organization matches 100% of an employee's contribution up to 4% of the employee's annual compensation. For the years ended June 30, 2026 and 2025, the Organization's matching contribution was $171,862 and $177,950, respectively. Such plan assets are held in a separate trust and are not included in the accompanying consolidated financial statements. All plan assets are held for the exclusive benefit of the plan's participants and beneficiaries.

Note 8 Concentration of credit risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The management of the Organization believes it is not exposed to significant credit risk on cash and cash equivalents.

The Organization received approximately 90% and 88% of its operating revenue, which is subject to specific requirements, from per pupil funding from the New York State Education Department during the years ended June 30, 2026 and 2025, respectively. Additionally, the Organization's grants receivable as of June 30, 2026 and 2025 consisted of 84% and 100%, respectively, from the New York State Education Department.

Note 9 Operating lease

The Organization rents spaces and office equipment under various non-cancelable operating leases.

The Organization determines if an arrangement is a lease at the inception of a contract, and recognizes operating lease expense on a straight-line basis over the lease term. Leases with an initial term of twelve months or less are not recorded on the consolidated statements of financial position and are expensed on a straight-line basis.

Operating expenses for the leasing activity of the Organization as lessee for the years ended June 30, 2026 and 2025 are as follows:

	2026	2025
Operating lease costs	$ 373,712	$ 848,870
Short-term lease costs	429,113	386,196
	$ 802,825	$ 1,235,066

For the years ended June 30, 2026 and 2025, rent expense was $802,825 and $1,235,066, respectively, and is included in occupancy, equipment and furnishings on the accompanying consolidated statements of functional expenses.

The aggregate future lease payments below summarize the remaining future undiscounted cash flows for operating leases as of June 30, 2026, and a reconciliation to operating lease liabilities reported on the consolidated statements of financial position:

2027	$ 337,558
2028	324,392
2029	67,587
Total lease payments	729,537
Less interest	(31,750)
Present value of lease liabilities	$ 697,787

Operating lease terms and discount rate as of June 30, 2026 and 2025 are as follows:

	2026	2025
Weighted average remaining lease term (years)	2.08	2.88
Weighted average discount rate	3.17%	2.88%

Note 9 Operating lease - (continued)

The following summarizes cash paid for operating lease liabilities and other non-cash information for the years ended June 30, 2026 and 2025:

	2026	2025
Cash paid for amounts included in measurement of operating lease liabilities	$ 373,712	$ 848,870
Operating lease right-of-use assets obtained in exchange for operating lease obligations	$ 295,465	$ -

Note 10 Intercompany lease arrangements

The School has entered into a master lease agreement with the Friends of NWP for one of its rental spaces for a period of 40 years commencing May 1, 2020. The School is required to pay rent as defined in the master lease agreement. The rent expense is calculated on a straight-line basis over the term of the lease. As of June 30, 2026 and 2025, deferred rent payable which is $1,871,201, represents the excess of the rent expense recognized over the actual rent paid. Rent expense under the master lease and deferred rent payable were eliminated on the consolidated financial statements. Due to the uncertainty for the amount of lease assistance from New York City Department of Education, both the School and Friends of NWP agree to put the master lease on hold effective July 1, 2023.

Friends of NWP leases school space from Roman Catholic Church of Saint Adalbert and Saint Roch under two non-cancelable operating leases, expiring from July 2025 to August 2028. Friends of NWP also leases school space from Roman Catholic Church of Our Lady of Mount Carmel and Saint Mary of the Assumption. The lease expired in June 2023, and is currently on a month to month basis. The School occupies and uses the spaces, and Friends of NWP charges the School for the rent due under the leases. For the years ended June 30, 2026 and 2025, Friends of NWP recognized rental income of $709,120 and $1,149,931, respectively, from the School under this arrangement. All transactions and balances between the School and Friends of NWP under both arrangements are eliminated in consolidation.

Note 11 Contingency

The Organization participates in a number of federal and state programs. These programs require that the Organization comply with certain laws, regulations, contracts, and agreements applicable to the programs in which it participates. All funds expended in connection with government grants and contracts are subject to audit by government agencies. While the ultimate liability, if any, from such audits of government grants and contracts by government agencies is presently not determinable, it should not, in the opinion of management, have a material effect on the financial position or results of operations. Accordingly, no provision for any such liability that may result has been made in the accompanying consolidated financial statements.

Note 11 Contingency - (continued)

On August 29, 2025, the School filed a Verified Petition with the New York State Education Department appealing the New York City Department of Education's ("DOE") denial of the School's request for rental assistance reimbursement pursuant to New York Education Law §2853(3). The petition challenges the DOE's position that the School's Master Lease terms are not eligible for reimbursement and seeks an order requiring the DOE to provide past and future rental assistance that the School is eligible to receive.

Management is unable to predict the outcome of this proceeding as of the report date, and accordingly, no amounts related to this matter have been recorded in the accompanying consolidated financial statements. Management will continue to monitor the proceeding and evaluate any potential financial impact in future periods.

Note 12 Bonds payable

On June 15, 2021, Build NYC Resource Corporation provided construction and permanent financing of $52,125,000 through the issuance of $51,160,000 in Tax-Exempt Revenue Bonds (the "Series 2021A Bonds"), bearing interest at 2.75% to 3.30% per annum, with principal due at varying amounts annually through maturity on June 15, 2056, and $965,000 in Taxable Revenue Bonds bearing interest at 4.375% per annum which was repaid in varying amounts through maturity on June 15, 2025. The proceeds of the bonds are used to construct a three-story building at Staten Island, New York, to be used as classroom and administration space.

Future minimum principal payments for the next five years and in the aggregate thereafter are as follows:

Year ending June 30,	Amount
2027	$ 885,000
2028	920,000
2029	960,000
2030	995,000
2031	1,035,000
Thereafter	44,885,000
Total	49,680,000
Less: current portion	(885,000)
Add: unamortized bond issuance costs and issuance premium, net	1,412,922
Long-term bonds payable, net	$ 50,207,922

Note 13 Net assets

Net assets with donor restrictions are restricted for the construction of the new school facility. As of June 30, 2026 and 2025, the School had no net assets with donor restrictions.

Note 14 Employee retention credit

The School applied for and received the federal Employee Retention Credit ("ERC") under the Coronavirus Aid, Relief, and Economic Security Act and subsequent legislation. The ERC is accounted for as a conditional contribution in accordance with ASC 958-605, *Not-for-Profit Entities—Revenue Recognition*. Conditions are considered met, and revenue is recognized as qualified wages and related benefits are incurred and the School has reasonable assurance of compliance with the program's eligibility requirements.

For the year ended June 30, 2025, the School recognized $505,530 of ERC as revenue within the consolidated statements of activities, related to qualified wages incurred during calendar year 2020.

Note 15 Subsequent events

Management has evaluated subsequent events through October 29, 2026, the date that the consolidated financial statements were available to be issued. There were no events requiring adjustment or disclosure to the consolidated financial statements.

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY
Consolidating Statement of Financial Position
As of June 30, 2026

	NWPCS	Friends of NWP	Eliminations	Consolidated
Assets				
Current assets				
Cash and cash equivalents	$ 4,709,822	$ 150,725	$ -	$ 4,860,547
Grants receivable	170,232	-	-	170,232
Due from affiliate	10,252,781	-	(10,252,781)	-
Deferred rents receivable	-	1,871,201	(1,871,201)	-
Total current assets	15,132,835	2,021,926	(12,123,982)	5,030,779
Property and equipment, net	735,251	67,528,000	-	68,263,251
Operating lease right-of-use assets	219,646	478,141	-	697,787
Other assets				
Security deposits	36,300	-	-	36,300
Restricted cash and escrow reserves	115,842	3,147,567	-	3,263,409
Total assets	$ 16,239,874	$ 73,175,634	$ (12,123,982)	$ 77,291,526

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY
Consolidating Statement of Financial Position - continued
As of June 30, 2026

	NWPCS	Friends of NWP	Eliminations	Consolidated
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	$ 715,098	$ 45,000	$ -	$ 760,098
Due to affiliate	-	10,252,781	(10,252,781)	-
Deferred rents payable	1,871,201	-	(1,871,201)	-
Accrued salaries and other payroll-related expenses	1,570,838	-	-	1,570,838
Bonds payable - current portion	-	885,000	-	885,000
Short-term operating lease liabilities	103,119	214,139	-	317,258
Refundable advances	215,043	100,000	-	315,043
Total current liabilities	4,475,299	11,496,920	(12,123,982)	3,848,237
Long-term liabilities				
Long-term operating lease liabilities	116,527	264,002	-	380,529
Bonds payable, net	-	50,207,922	-	50,207,922
Total liabilities	4,591,826	61,968,844	(12,123,982)	54,436,688
Net assets				
Net assets without donor restrictions				
Undesignated	11,532,206	11,206,790	-	22,738,996
Reserve - contingency	115,842	-	-	115,842
Total net assets	11,648,048	11,206,790	-	22,854,838
Total liabilities and net assets	$ 16,239,874	$ 73,175,634	$ (12,123,982)	$ 77,291,526

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY
Consolidating Statement of Financial Position
As of June 30, 2025

	NWPCS	Friends of NWP	Eliminations	Consolidated
Assets				
Current assets				
Cash and cash equivalents	$ 2,552,331	$ 184,368	$ -	$ 2,736,699
Grants receivable	279,874	-	-	279,874
Due from affiliate	8,626,873	-	(8,626,873)	-
Deferred rents receivable	-	1,871,201	(1,871,201)	-
Total current assets	11,459,078	2,055,569	(10,498,074)	3,016,573
Property and equipment, net	637,348	68,523,179	-	69,160,527
Operating lease right-of-use assets	37,778	723,861	-	761,639
Other assets				
Security deposits	69,633	-	-	69,633
Restricted cash and escrow reserves	111,686	5,183,211	-	5,294,897
Total assets	$ 12,315,523	$ 76,485,820	$ (10,498,074)	$ 78,303,269

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY
Consolidating Statement of Financial Position - continued
As of June 30, 2025

	NWPCS	Friends of NWP	Eliminations	Consolidated
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	$ 853,556	$ 45,000	$ -	$ 898,556
Construction costs payable	-	564,679	-	564,679
Due to affiliate	-	8,626,873	(8,626,873)	-
Deferred rents payable	1,871,201	-	(1,871,201)	-
Accrued salaries and other payroll-related expenses	1,419,654	-	-	1,419,654
Bonds payable - current portion	-	850,000	-	850,000
Short-term operating lease liabilities	35,318	245,720	-	281,038
Refundable advances	493,920	100,000	-	593,920
Total current liabilities	4,673,649	10,432,272	(10,498,074)	4,607,847
Long-term liabilities				
Long-term operating lease liabilities	2,460	478,141	-	480,601
Bonds payable, net	-	51,140,020	-	51,140,020
Total liabilities	4,676,109	62,050,433	(10,498,074)	56,228,468
Net assets				
Net assets without donor restrictions				
Undesignated	7,527,728	14,435,387	-	21,963,115
Reserve - contingency	111,686	-	-	111,686
Total net assets	7,639,414	14,435,387	-	22,074,801
Total liabilities and net assets	$ 12,315,523	$ 76,485,820	$ (10,498,074)	$ 78,303,269

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY
Consolidating Statement of Activities
For the year ended June 30, 2026

	NWPCS			Friends of NWP		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	Eliminations	Consolidated
Operating revenue and other support						
State and local per pupil operating revenue						
General education	$ 17,066,325	$ -	$ 17,066,325	$ -	$ -	$ 17,066,325
Special education	3,287,225	-	3,287,225	-	-	3,287,225
Total state and local per pupil operating revenue	20,353,550	-	20,353,550	-	-	20,353,550
Grants, contract and other support						
State and local grants	72,012	-	72,012	-	-	72,012
Federal grants	982,147	-	982,147	-	-	982,147
Contributions	644,230	-	644,230	-	-	644,230
Rental income	-	-	-	709,120	(709,120)	-
Interest and other income	225,189	-	225,189	215,693	-	440,882
Total operating revenue and other support	22,277,128	-	22,277,128	924,813	(709,120)	22,492,821
Expenses						
Program expenses						
Regular education	13,013,013	-	13,013,013	3,053,588	(525,173)	15,541,428
Special education	3,481,271	-	3,481,271	766,052	(131,750)	4,115,573
Total program expenses	16,494,284	-	16,494,284	3,819,640	(656,923)	19,657,001
Supporting services						
Management and general	1,771,630	-	1,771,630	333,770	(52,197)	2,053,203
Fundraising	2,580	-	2,580	-	-	2,580
Total program and supporting services expenses	18,268,494	-	18,268,494	4,153,410	(709,120)	21,712,784
Change in net assets	4,008,634	-	4,008,634	(3,228,597)	-	780,037
Net assets - beginning of year	7,639,414	-	7,639,414	14,435,387	-	22,074,801
Net assets - end of year	$ 11,648,048	$ -	$ 11,648,048	$ 11,206,790	$ -	$ 22,854,838

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY
Consolidating Statement of Activities
For the year ended June 30, 2025

	NWPCS			Friends of NWP		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	Eliminations	Consolidated
Operating revenue and other support						
State and local per pupil operating revenue						
General education	$ 15,304,235	$ -	$ 15,304,235	$ -	$ -	$ 15,304,235
Special education	2,843,786	-	2,843,786	-	-	2,843,786
Facility lease assistance	248,697	-	248,697	-	-	248,697
Total state and local per pupil operating revenue	18,396,718	-	18,396,718	-	-	18,396,718
Grants, contract and other support						
State and local grants	72,452	-	72,452	-	-	72,452
Federal grants	1,007,124	-	1,007,124	-	-	1,007,124
Employee retention credit	505,530	-	505,530	-	-	505,530
Contributions	368,050	-	368,050	25,000	-	393,050
Rental income	-	-	-	1,149,931	(1,149,931)	-
Interest and other income	345,395	-	345,395	277,914	-	623,309
Net assets released from restrictions	50,000	(50,000)	-	-	-	-
Total operating revenue and other support	20,745,269	(50,000)	20,695,269	1,452,845	(1,149,931)	20,998,183
Expenses						
Program expenses						
Regular education	12,472,389	-	12,472,389	991,338	(877,337)	12,586,390
Special education	2,960,526	-	2,960,526	194,672	(194,672)	2,960,526
Total program expenses	15,432,915	-	15,432,915	1,186,010	(1,072,009)	15,546,916
Supporting services						
Management and general	1,666,479	-	1,666,479	77,922	(77,922)	1,666,479
Fundraising	3,869	-	3,869	105,000	-	108,869
Total program and supporting services expenses	17,103,263	-	17,103,263	1,368,932	(1,149,931)	17,322,264
Change in net assets	3,642,006	(50,000)	3,592,006	83,913	-	3,675,919
Net assets - beginning of year	3,997,408	50,000	4,047,408	14,351,474	-	18,398,882
Net assets - end of year	$ 7,639,414	$ -	$ 7,639,414	$ 14,435,387	$ -	$ 22,074,801

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY
Schedule of Debt Covenants
For the year ended June 30, 2026

	Minimum Requirement	Actual
Debt service coverage ratio	1.10	1.60
Days cash on hand	45	89

The debt service coverage ratio is calculated as follows:

Increase in net assets	$ 780,037	
Add back: Interest expense	2,021,200	
Amortization of premium to bonds payable	(105,750)	
Depreciation and amortization	1,861,459	
Loss on disposal of fixed assets	33,560	
Net revenues available for debt service	$ 4,590,506	
Debt service payments		
Interest expense	$ 2,021,200	
Principal	850,000	
Total current debt service	$ 2,871,200	
Net revenues available for debt service	$ 4,590,506	
Total current debt service	$ 2,871,200	= 1.60

The days cash on hand is calculated as follows:

Total expenses	$ 21,712,784	
Add: Amortization of premium to bonds payable	105,750	
Less: Depreciation and amortization	(1,861,459)	
Loss on disposal of fixed assets	(33,560)	
Net expenses	19,923,515	
Number of days	365	
Cash used per day	$ 54,585	
Cash and cash equivalents as of year end	$ 4,860,547	
Cash used per day	$ 54,585	= 89

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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*

To the Board of Trustees of
New World Preparatory Charter School and Subsidiary

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 consolidated financial statements of New World Preparatory Charter School and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2026, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 29, 2026.

Report on Internal Control over Financial Reporting
In planning and performing our audit of the consolidated financial statements, we considered New World Preparatory Charter School and Subsidiary'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of New World Preparatory Charter School and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of New World Preparatory Charter School and Subsidiary'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 consolidated 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.

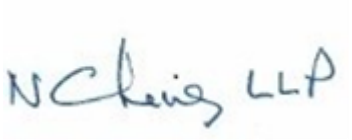
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 New World Preparatory Charter School and Subsidiary's consolidated 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 consolidated 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.



New York, New York
October 29, 2026