

EXPANDED SCHOOLS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2025 and 2024

EXPANDED SCHOOLS, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
ExpandedED Schools, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ExpandedED Schools, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for each of the years 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 ExpandedED Schools, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for each of 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Organization's management is responsible for the preparation and fair presentation of these financial statements, in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
December 11, 2025



EXPANDED SCHOOLS, INC.

Statements of Financial Position

	June 30,	
	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 2,428,449	\$ 1,533,291
Restricted cash equivalents (see Note L[1])	-	167,327
Government grants receivable, net	6,346,686	8,131,949
Grants and contributions receivable	2,181,467	2,967,246
Contract services receivable	432,179	436,946
Investments	4,728,222	3,104,101
Prepaid expenses and other assets	215,308	82,555
Right-of-use asset - operating lease	3,632,287	393,150
Property and equipment, net	-	15,991
	<u>\$ 19,964,598</u>	<u>\$ 16,832,556</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,149,160	\$ 923,143
Grants payable	2,167,912	1,636,678
Funds received in advance	-	2,003
Operating lease liability	3,744,741	434,254
	<u>7,061,813</u>	<u>2,996,078</u>
Commitments and contingency (see Note L)		
Net assets:		
Without donor restrictions:		
Board designated funds	300,000	300,000
Undesignated funds	7,663,769	7,140,013
	<u>7,963,769</u>	<u>7,440,013</u>
Total net assets without donor restrictions		
	7,963,769	7,440,013
With donor restrictions:		
Purpose restrictions	4,939,016	6,396,465
	<u>12,902,785</u>	<u>13,836,478</u>
	<u>\$ 19,964,598</u>	<u>\$ 16,832,556</u>

See notes to financial statements.

EXPANDED SCHOOLS, INC.

Statements of Activities

	Year Ended June 30,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Government grants	\$ 7,581,785	\$ -	\$ 7,581,785	\$ 8,527,042	\$ -	\$ 8,527,042
Contributions	2,021,305	2,645,791	4,667,096	1,375,559	4,137,620	5,513,179
Contracted services	573,924	-	573,924	814,873	-	814,873
Special events (net benefits to donors of \$39,772 and \$43,542 in fiscal years 2025 and 2024, respectively)	764,193	-	764,193	595,866	-	595,866
Rental income	53,779	-	53,779	137,362	-	137,362
Donated goods and services	82,887	-	82,887	7,129	-	7,129
Interest income	107,407	8,766	116,173	110,443	16,435	126,878
Other income	17,426	-	17,426	1,000	-	1,000
Total public support and revenue before releases of restrictions	11,202,706	2,654,557	13,857,263	11,569,274	4,154,055	15,723,329
Net assets released from restrictions	4,112,006	(4,112,006)	-	3,058,903	(3,058,903)	-
Total public support and revenue	15,314,712	(1,457,449)	13,857,263	14,628,177	1,095,152	15,723,329
Expenses:						
Program services	11,861,590	-	11,861,590	11,428,172	-	11,428,172
Management and general	1,991,959	-	1,991,959	1,715,967	-	1,715,967
Fundraising	937,407	-	937,407	957,707	-	957,707
Total expenses	14,790,956	-	14,790,956	14,101,846	-	14,101,846
Change in net assets	523,756	(1,457,449)	(933,693)	526,331	1,095,152	1,621,483
Net assets, beginning of year	7,440,013	6,396,465	13,836,478	6,913,682	5,301,313	12,214,995
Net assets, end of year	\$ 7,963,769	\$ 4,939,016	\$ 12,902,785	\$ 7,440,013	\$ 6,396,465	\$ 13,836,478

See notes to financial statements.

EXPANDED SCHOOLS, INC.

Statements of Functional Expenses

	Year Ended June 30,							
	2025				2024			
	Program Services	Supporting Services		Total	Program Services	Supporting Services		Total
	Afterschool Programs	Management and General	Fundraising		Afterschool Programs	Management and General	Fundraising	
Salaries and wages	\$ 4,257,089	\$ 1,149,533	\$ 565,808	\$ 5,972,430	\$ 3,944,975	\$ 988,826	\$ 591,530	\$ 5,525,331
Payroll taxes, fringe benefits and payroll fees	1,067,707	288,311	141,909	1,497,927	998,997	250,403	149,795	1,399,195
Training and development	4,704	1,241	588	6,533	16,600	4,208	2,572	23,380
Pension costs	190,600	51,467	25,333	267,400	155,558	38,991	23,325	217,874
Total salaries and related expenses	5,520,100	1,490,552	733,638	7,744,290	5,116,130	1,282,428	767,222	7,165,780
Grants to community-based organizations	4,135,452	-	-	4,135,452	3,848,696	-	-	3,848,696
Occupancy	411,219	147,302	55,238	613,759	400,811	143,574	53,840	598,225
Telephone	26,107	9,352	3,507	38,966	27,612	9,891	3,709	41,212
Equipment rental	27,911	9,998	3,749	41,658	27,210	9,747	3,655	40,612
Insurance	104,254	37,345	14,004	155,603	96,842	34,690	13,009	144,541
Professional fees	-	77,675	-	77,675	-	84,400	-	84,400
Consultants and contractors	913,668	32,407	6,270	952,345	1,352,883	61,163	74,756	1,488,802
Other program related expenses:								
Food	46,130	1,738	79	47,947	27,534	230	686	28,450
Occupancy	4,740	-	-	4,740	9,119	-	-	9,119
Supply and incentives	56,429	-	-	56,429	38,773	-	400	39,173
Conference and meeting fees	178,190	3,392	25	181,607	7,676	-	-	7,676
Other	110,661	9,268	40,128	160,057	281,018	18,481	16,656	316,155
Travel and related costs	49,196	2,183	279	51,658	46,385	6,129	531	53,045
Office supplies and expense	250,292	68,886	25,832	345,010	118,802	29,100	10,913	158,815
Food and venue for special events	-	-	39,772	39,772	-	-	43,542	43,542
Depreciation and amortization	10,714	3,838	1,439	15,991	23,215	8,316	3,118	34,649
Bad debts	-	7,919	-	7,919	-	7,649	-	7,649
Donated goods and services	-	79,853	3,034	82,887	-	7,129	-	7,129
Miscellaneous	16,527	10,251	50,185	76,963	5,466	13,040	9,212	27,718
Total expenses	11,861,590	1,991,959	977,179	14,830,728	11,428,172	1,715,967	1,001,249	14,145,388
Less: direct benefits to donors	-	-	(39,772)	(39,772)	-	-	(43,542)	(43,542)
Total expenses per statements of activities	\$ 11,861,590	\$ 1,991,959	\$ 937,407	\$ 14,790,956	\$ 11,428,172	\$ 1,715,967	\$ 957,707	\$ 14,101,846

See notes to financial statements.

EXPANDED SCHOOLS, INC.

Statements of Cash Flows

	Year Ended June 30,	
	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ (933,693)	\$ 1,621,483
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	15,991	34,649
Bad debts	7,919	7,649
Noncash lease amortization	465,819	510,390
Changes in:		
Government grants receivable	1,777,344	(1,124,571)
Grants and contributions receivable	785,779	(1,698,706)
Contract services receivable	4,767	(125,741)
Prepaid expenses and other assets	(132,753)	37,838
Accounts payable and accrued expenses	226,017	(410,615)
Grants payable	531,234	(204,550)
Operating lease liability	(394,469)	(562,622)
Funds received in advance	(2,003)	(22,798)
Net cash provided by (used in) operating activities	<u>2,351,952</u>	<u>(1,937,594)</u>
Cash flows from investing activities:		
Purchases of investments	(3,624,121)	(3,640,995)
Proceeds from sales of investments	<u>2,000,000</u>	<u>4,700,000</u>
Net cash (used in) provided by investing activities	<u>(1,624,121)</u>	<u>1,059,005</u>
Change in cash and cash equivalents, and restricted cash equivalents	727,831	(878,589)
Cash and cash equivalents, and restricted cash equivalents, beginning of year	<u>1,700,618</u>	<u>2,579,207</u>
Cash and cash equivalents, and restricted cash equivalents, end of year	<u>\$ 2,428,449</u>	<u>\$ 1,700,618</u>
Supplemental disclosures of cash flow information:		
Donated goods and services	<u>\$ 82,887</u>	<u>\$ 7,129</u>
Noncash lease liability arising from obtaining right-of-use asset	<u>\$ 3,704,956</u>	<u>\$ -</u>

See notes to financial statements.

EXPANDED SCHOOLS, INC.

Notes to Financial Statements June 30, 2025 and 2024

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES

[1] The Organization:

ExpandedED Schools, Inc. (the "Organization"), was organized under the not-for-profit law of the State of New York on April 2, 1998, and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). The mission of the Organization is to close the learning gap by increasing access to enriched education experiences in school, after school and during the summer to ensure that all kids have opportunities to discover their talents and develop their full potential.

The Organization partners with the public and private sectors to provide more and better learning time for students and to provide professional development, technical assistance, financial resources and advocacy to support schools and community-based organizations in establishing and operating high-quality expanded learning programs.

[2] Basis of accounting:

The accompanying financial statements of the Organization have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and support and revenue and expenses, as well as the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

[4] Cash and cash equivalents:

For financial-reporting purposes, the Organization considers all highly liquid investments, with maturities of three months or less when purchased, to be cash equivalents.

[5] Investment:

The Organization's investment in a money market fund is reported at its fair value in the statements of financial position based on quoted market prices.

The Organization's investments, in general, are subject to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements. The Organization invests according to a Board-approved capital stewardship plan, which prioritizes maintaining cash and cash-equivalent reserves. The Organization invests excess liquidity in a money market account that carries extremely low risk.

Investment transactions are recorded on a settlement date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in net assets without donor restrictions. Realized gains and losses on investments are determined by comparison of the cost of acquisition to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost basis to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned. Investment fees are embedded in money market fund transactions.

EXPANDED SCHOOLS, INC.

Notes to Financial Statements June 30, 2025 and 2024

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[6] Property and equipment:

Property and equipment are stated at their original costs, or, if contributed, at their fair value at the date of donation, less accumulated depreciation and amortization. Minor costs of repairs and maintenance are expensed as incurred. The Organization capitalizes items of property and equipment that have a cost of \$1,000 or more and a useful life greater than one year. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the respective assets, which range from three to ten years. Leasehold improvements are amortized over the remaining lease term, or the useful lives of the improvements, whichever is shorter.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. There were no triggering events during fiscal years 2025 or 2024 requiring management to test for impairment that would require any adjustments to property and equipment. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[7] Accrued vacation:

Accrued vacation represents the Organization's obligation for the cost of total unused employee vacation time that would be payable in the event of employee departures. At June 30, 2025 and 2024, this accrued vacation obligation was approximately \$338,000 and \$220,000, respectively, and was reported as part of accounts payable and accrued expenses in the accompanying statements of financial position.

[8] Grants payable:

Unconditional grants to community-based organizations are recognized as an obligation to the Organization at the time they are executed by all parties and are generally payable within one year from the date of execution. The Organization may adjust grant obligations as needed based upon final approval of expenses. Grants payable were approximately \$2,168,000 and \$1,637,000 at June 30, 2025 and 2024, respectively. There were no conditional grants awarded during fiscal years 2025 and 2024.

[9] Leases:

The Organization determines if an arrangement is a lease at inception. For the Organization's operating lease, a right-of-use ("ROU") asset represents the Organization's right to use an underlying asset for the lease term and an operating lease liability represents an obligation to make lease payments arising from the lease. The ROU asset and lease liability are recognized at the lease commencement date based on the present value of lease payments over the lease term. Since the Organization's lease agreement does not provide an implicit interest rate, the Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of the lease payments. Operating lease expense is recognized on a straight-line basis over the lease term, subject to any changes in the lease or expectations regarding the terms. Variable lease costs, such as common area charges, are expensed as incurred.

[10] Net assets:

(i) *Net assets without donor restrictions:*

Net assets without donor restrictions represent those resources that are not subject to donor restrictions and are available for current operations. The Board of Directors established a fund derived from surplus revenue generated from contracted service for urgent work required by program teams.

EXPANDED SCHOOLS, INC.

Notes to Financial Statements June 30, 2025 and 2024

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[10] Net assets: (continued)

(ii) *Net assets with donor restrictions:*

Net assets with donor restrictions represent those resources for which the use has been restricted by donors to specific purposes and/or a specific period of time. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statements of activities as “net assets released from restrictions.” Restricted net assets, the requirements of which are met in the year of donation, are reported as net assets without donor restrictions. Effective July 1, 2023, the Board adopted a policy that states interest earned on unspent donor-restricted cash receipts is included with donor restrictions.

[11] Revenue recognition:

(i) *Grants and contributions:*

Grants and contributions to the Organization are recognized as support upon the receipt of cash or other assets, or of unconditional pledges. Grants and contributions income are reported as “with donor restrictions” if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recognized when the donor’s conditions have been met by requisite actions of the Organization’s management or necessary events have taken place. At June 30, 2025 and 2024, grants and contributions of approximately \$78,000 and \$357,000, respectively, remained conditional, and, accordingly, have not been reflected within the accompanying statements of financial position. The Organization recognizes revenue earned from conditional non-exchange transactions when the barrier is satisfied, typically as related costs are incurred or milestones are achieved. Resources provided to the Organization from resource providers prior to the Organization meeting the conditional funding requirements are recognized as funds received in advance in the statements of financial position.

(ii) *Revenue from contracts with customers – contracted services:*

The Organization receives contracted service fees from various foundations, public charities, and corporations for training, research, and program evaluation services. The Organization recognizes revenue as the performance obligations are met, which is the provision of professional services, performed according to the contractual provisions. Fees received in advance are deferred and recognized as revenue when the services are performed. Estimated discounts and refunds are reflected in the allocated consideration. Contracted service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the related services.

(iii) *Special events:*

The Organization holds various fundraising events to raise funds for its operations. Gross proceeds paid by attendees at special events represent contribution revenue, as well as the payment of the direct cost of the benefits received by the attendee at the event, considered exchange revenue. Special event income is reported net of the direct benefits to donors. The exchange portion of the total proceeds received is recognized as revenue when the special event takes place. The exchange portion of special event proceeds for a future year’s event is deferred and recognized when the event takes place. The contribution portion is considered restricted by donors for time until the event takes place.

EXPANDED SCHOOLS, INC.

Notes to Financial Statements June 30, 2025 and 2024

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[11] Revenue recognition: (continued)

(iv) *Rental income:*

Rental income is derived from meeting room rentals and the sublease of the Organization's leased space in accordance with contractual provisions in satisfaction of the performance obligations of providing the rental space (see Note L[1]).

(v) *Donated goods and services:*

From time to time, the Organization receives various forms of gifts-in-kind, which are contributions of nonfinancial assets, including donated merchandise and legal services. These types of contributions are reported at their estimated fair value on the date of receipt and reported as expenses when utilized. Donated goods are valued based upon estimates of fair value that would be received for selling the goods in their principal marketplace considering their condition and utility for use at the time the goods are contributed by the donor. It is the Organization's policy that contributions of nonfinancial assets are only utilized within operations to support the Organization's mission and not monetized.

For recognition of donated services in the Organization's financial statements, such services must (i) create or enhance nonfinancial assets and (ii) typically need to be acquired if not provided by donation. Additionally, recognition of donated services must (i) require a specialized skill, and (ii) be provided by individuals possessing these skills. Donated services are recorded as support at their estimated fair values at the dates of donation and are reported as support without donor restrictions. Donated services are reported as donated services and offsetting expenses in the accompanying statements of activities (see Note E).

[12] Functional allocation of expenses:

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. The functional expenses present expenses by functional and natural classification. Accordingly, certain direct costs have been allocated among the program and supporting services based on the nature of this expense. Indirect costs of occupancy, telephone, equipment rental, insurance, office supplies and expenses, and depreciation and amortization have been allocated on the basis of time and effort.

[13] Income tax uncertainties:

The Organization is subject to the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, relating to accounting and reporting for uncertainty in income taxes. Because of the Organization's general tax exempt status, management believes ASC Topic 740 has not had, and is not expected to have, a material impact on the Organization's financial statements.

[14] Subsequent events:

The Organization evaluated subsequent events through December 11, 2025, the date the financial statements were available to be issued.

EXPANDED SCHOOLS, INC.

**Notes to Financial Statements
June 30, 2025 and 2024**

NOTE B - RECEIVABLES

[1] Government grants receivable:

Government grants receivable for fiscal years 2025 and 2024 represent amounts due for services already performed and the amounts are expected to be collected within the upcoming year. On a periodic basis, the Organization evaluates its government grants and establishes an allowance for doubtful accounts based on a history of past write-offs and the grantors’ disallowances of certain costs. At June 30, 2025 and 2024, government grants receivable were \$6,346,686 and \$8,131,949, respectively, net of an allowance for doubtful accounts of \$75,000 in each fiscal year. Grants receivables from the New York City Department of Youth and Community Development (“NYCDYCD”) and the New York City Department of Education (“NYCDOE”) represented 100% of government grants receivable, as of both June 30, 2025 and 2024.

[2] Grants and contributions receivable:

At June 30, 2025 and 2024, grants and contributions receivable, which are all due within one year, were \$2,181,467 and \$2,967,246, respectively. Based on management’s past experience, contributions and grants receivable are expected to be fully collected and, accordingly, no allowance for doubtful accounts has been established.

[3] Contract services receivable:

Trade credit is generally extended on a short-term basis. The Organization extends credit to its customers, based upon credit evaluations, in the normal course of business. On a periodic basis, the Organization evaluates its contract services receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs, collections, and current credit conditions. This estimate is calculated on a pooled basis where similar risk characteristics exist. This estimate is adjusted for management’s assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. Delinquent receivables are evaluated for collectability based on individual credit evaluation and specific circumstances of the customer. Accounts are written off when they are deemed uncollectible. As of June 30, 2025 and 2024, there was no allowance for doubtful accounts, as the amount of contract services receivable was deemed fully collectible.

NOTE C - INVESTMENTS

At each fiscal year-end, investments consisted of the following:

	June 30,			
	2025		2024	
	Fair Value	Cost	Fair Value	Cost
Money market fund - JPM Federal MM Fund	\$ 4,728,222	\$ 4,728,222	\$ 3,104,101	\$ 3,104,101

EXPANDED SCHOOLS, INC.

Notes to Financial Statements June 30, 2025 and 2024

NOTE C - INVESTMENTS (CONTINUED)

FASB's ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments at the reporting date.

Level 2: Valuations are based on: (i) quoted prices for similar investments in active markets; (ii) quoted prices for those investments or similar investments in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable on the reporting date.

Level 3: Valuations are based on unobservable pricing inputs and include situations where: (i) there is little, if any, market activity for the investments; or (ii) the investments cannot be independently valued.

The Organization's investments were valued entirely as Level 1 of the fair value hierarchy as of both June 30, 2025 and 2024.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

NOTE D - PROPERTY AND EQUIPMENT

At each fiscal year-end, property and equipment consisted of the following:

	June 30,	
	2025	2024
Leasehold improvements	\$ -	\$ 239,873
Office furniture and equipment	-	159,072
Computers and office equipment	<u>4,559</u>	<u>413,803</u>
	4,559	812,748
Less: accumulated depreciation and amortization	<u>(4,559)</u>	<u>(796,757)</u>
	<u>\$ -</u>	<u>\$ 15,991</u>

During fiscal year 2025, the Organization disposed of fully depreciated equipment no longer in use, valued at \$808,189. During fiscal-year 2024, the Organization had no disposals of property and equipment.

EXPANDED SCHOOLS, INC.

Notes to Financial Statements June 30, 2025 and 2024

NOTE E - DONATED GOODS AND SERVICES

The tables below disclose the in-kind donations received in each fiscal year, as well as the valuation techniques and inputs, and the utilization in accordance with Accounting Standards Update 2020-07:

Year Ended June 30, 2025

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and inputs
Legal services	\$ 79,853	Utilized in operations for various administrative matters	N/A	Donated services are considered to reflect fair market rates for services performed in the New York marketplace
Donated fund-raising merchandise	\$ 3,034	Provided to attendees at special events as tokens and raffle items	N/A	Reflected at market prices in the various principal markets where they are consumed.

Year Ended June 30, 2024

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and inputs
Legal services	\$ 7,129	Utilized in operations for various administrative matters	N/A	Donated services are considered to reflect fair market rates for services performed in the New York marketplace

NOTE F - RETIREMENT BENEFITS

The Organization has a defined-contribution pension plan qualified under Section 403(b) of the Code. The plan covers all employees who meet the Organization's length-of-service requirements. Contributions by the Organization are discretionary and can be made only with the Board of Directors' approval. The Organization's contribution for fiscal years 2025 and 2024 was approximately \$267,000 and \$218,000, respectively.

NOTE G - RELATED-PARTY TRANSACTIONS

Certain members of the Organization's Board of Directors serve as directors or managers of organizations that receive grants from the Organization. The Organization's Board has a conflict-of-interest policy in place that requires directors and managers to disclose all conflicts or potential conflicts. The Organization's Board has general oversight in the decisions made regarding grant awards, and those members of the Organization's Board and management who may have potential conflicts recuse themselves when there are determinations to be made regarding such potential conflicts. The Organization received approximately \$190,000 and \$130,000 in contributions and grants from Board members, or persons of responsibility, in common with the Organization in fiscal years 2025 and 2024, respectively. The Organization made grants of approximately \$217,600 and \$131,000 in fiscal years 2025 and 2024, respectively, to the Organization that had governing Board members, or persons of responsibility, in common with the Organization.

EXPANDED SCHOOLS, INC.

Notes to Financial Statements June 30, 2025 and 2024

NOTE H - SIGNIFICANT SOURCES OF REVENUE

The Organization received grants from the NYCDYCD in the amount of approximately \$4,930,000 and \$5,039,000 during fiscal years 2025 and 2024, respectively. Such grants represented 36% and 32% of total public support and revenue for fiscal years 2025 and 2024, respectively.

The Organization received contract agreements from the NYCDOE in the amount of approximately \$2,625,000 and \$2,553,000 during fiscal years 2025 and 2024, respectively. Such contracts represented approximately 19% and 16% of total public support and revenue in fiscal years 2025 and 2024, respectively.

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

At each fiscal year-end, net assets with donor restrictions for programs consisted of the following:

	Year Ended June 30,	
	2025	2024
Every Hour Counts (EHC)	\$ -	\$ 738,867
Expanded Learning and Afterschool Programs	1,570,074	1,391,892
Pathways Program	104,429	237,134
Literacy Programs	855,585	659,605
Science, Technology, Engineering and Math (STEM) Initiative	1,124,742	1,804,864
High Impact Tutoring	1,284,186	1,432,587
Organizational Capacity	-	131,516
	<u>\$ 4,939,016</u>	<u>\$ 6,396,465</u>

During each fiscal year, net assets were released from restrictions for the following:

	Year Ended June 30,	
	2025	2024
Every Hour Counts (EHC)	\$ 738,867	\$ 373,731
Expanded learning and afterschool programs	724,947	690,025
Pathways Program	232,706	182,453
Literacy programs	588,820	8,270
Science, Technology, Engineering and Math (STEM) Initiative	952,122	782,644
High impact tutoring	743,028	1,021,780
Organizational capacity	131,516	-
	<u>\$ 4,112,006</u>	<u>\$ 3,058,903</u>

EXPANDED SCHOOLS, INC.

Notes to Financial Statements June 30, 2025 and 2024

NOTE J - CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents deposited in financial institutions in amounts which, at times, may exceed federal insurance limits. However, based on the current Federal Deposit Insurance Coverage, management monitors the risk associated with concentrations on an ongoing basis and believes that the Organization does not face a significant risk of loss on these accounts that might result from the failure of the financial institutions.

NOTE K - LIQUIDITY AND AVAILABILITY OF RESOURCES

At each fiscal year-end, the Organization's financial assets, reduced by amounts not available within one year of the statements of financial position dates for general expenditures due to donor imposed restrictions, are as follows:

	Year Ended June 30,	
	2025	2024
Cash and cash equivalents	\$ 2,428,449	\$ 1,533,291
Government grants receivable, net	6,346,686	8,131,949
Grants and contributions receivable	2,181,467	2,967,246
Contract services receivable	432,179	436,946
Investments	4,728,222	3,104,101
Total financial assets available within one year	<u>16,117,003</u>	<u>16,173,533</u>
Less: amounts unavailable for general expenditures within one year, due to:		
Board designated funds	(300,000)	(300,000)
Restricted by donors for:		
Purpose	<u>(4,939,016)</u>	<u>(6,396,465)</u>
Total amounts unavailable for general expenditures within one year	<u>(5,239,016)</u>	<u>(6,696,465)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 10,877,987</u>	<u>\$ 9,477,068</u>

Liquidity policy:

The Organization maintains a sufficient level of operating cash and cash equivalents to be available as its general expenditures, liabilities, and other obligations come due as part of the Organization's liquidity management. In addition, the Organization has access to a bank line of credit, as discussed in Note M, which is available for short-term liquidity needs.

EXPANDED SCHOOLS, INC.

Notes to Financial Statements June 30, 2025 and 2024

NOTE L - COMMITMENTS AND CONTINGENCY

[1] Lease commitment:

In July 2017, the Organization entered into a noncancelable sublease agreement for its office space, located at 11 West 42nd Street in New York City, commencing in October 2017 and expiring in March 2025. During fiscal year 2021, the Organization renegotiated the lease. Beginning on February 1, 2021, and continuing throughout the remaining term of the lease, the rent was reduced by 20%. In addition, the Organization rents space at various locations on a daily basis for its programs. In lieu of providing a security deposit, the Organization maintained a certificate of deposit with a bank in the amount of approximately \$164,000 as of June 30, 2024, which was included as restricted cash in the statement of financial position. This amount was returned during fiscal year 2025 upon the end of the lease. In November 2024, the Organization signed a new office lease in New York City, commencing in April 2025 and expiring in August 2035.

Information relating to the "lease costs," which includes all costs during the period associated with an operating lease as well as the costs related to variable lease components:

	June 30,	
	2025	2024
Operating lease costs	\$ 509,613	\$ 529,547
Variable lease costs	104,146	68,678
Total lease cost	\$ 613,759	\$ 598,225

Future annual minimum rental commitments are as follows:

Year Ending June 30,	2025	2024
2025	\$ -	\$ 425,334
2026	332,500	-
2027	408,975	-
2028	421,244	-
2029	433,882	-
2030	446,898	-
Thereafter	2,642,081	-
Total minimum lease payments	4,685,580	425,334
Add: rent incentives	-	12,929
Less: amount representing interest	(940,839)	(4,009)
Amount reported on statements of financial position	\$ 3,744,741	\$ 434,254
Weighted average remaining lease term:		
Operating lease	10.17 years	0.75 year
Weighted average discount rate:		
Operating lease	4.28%	2.85%

EXPANDED SCHOOLS, INC.

Notes to Financial Statements June 30, 2025 and 2024

NOTE L - COMMITMENTS AND CONTINGENCY (CONTINUED)

[1] Lease commitment: (continued)

In July 2018, the Organization entered into a sublease agreement with an unrelated party to provide space under a noncancelable operating lease, which expired in July 2021. In June 2021, the sublease was extended and amended. Beginning on February 1, 2021 throughout the balance of the term of the lease, the rent was reduced by 20% and requires annual minimum sublease rental payments of approximately \$60,000. During fiscal years 2025 and 2024, the Organization subleased space to other tenants on a monthly basis. For the fiscal years 2025 and 2024, rental income generated from the subleasing amounted to approximately \$54,000 and \$137,000, respectively. The sublease agreement was terminated upon the expiration of the original office lease in March 2025.

[2] Government grants:

Government grants are subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management believes that such cost disallowances, if any, will not have a material effect on the accompanying financial statements.

[3] Other contracts:

The Organization has entered into various contracts and agreements in the normal course of business operations, which are renewable year-to-year.

NOTE M - LINE OF CREDIT

The Organization maintains a \$1,500,000 revolving line of credit with JPMorgan Chase Bank, N.A. The line of credit expires in June 2026 at the Secured Overnight Financing Rate ("SOFR") plus 3% per annum. There were no outstanding balances as of June 30, 2025 and 2024. No amounts were drawn on the line of credit during fiscal years 2025 and 2024.