PAVE Academy Charter School

Financial Statements

June 30, 2026 and 2025

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

Board of Trustees
PAVE Academy Charter School

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PAVE Academy Charter School (a nonprofit organization), which comprise the statements of financial position as of June 30, 2026 and 2025, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PAVE Academy Charter School as of June 30, 2026 and 2025, and the changes in its net assets and its 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PAVE Academy Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2026 on our consideration of PAVE Academy Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 PAVE Academy Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PAVE Academy Charter School's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Harrison, New York
October 28, 2026

PAVE Academy Charter School

Statements of Financial Position

	June 30, 2026	June 30, 2025
ASSETS		
Current Assets		
Cash	$ 1,999,722	$ 2,183,151
Grants and contracts receivable	262,479	347,909
Due from related party	55,000	44,000
Prepaid expenses and other current assets	53,968	113,889
Total Current Assets	2,371,169	2,688,949
Investments	6,231,714	6,025,497
Property and equipment, net	282,395	333,041
Security deposits	32,268	32,268
Restricted cash	76,498	76,498
	$ 8,994,044	$ 9,156,253
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 135,424	$ 211,515
Accrued payroll and payroll taxes	327,280	411,367
Total Current Liabilities	462,704	622,882
Net Assets		
Without Donor Restrictions		
Undesignated	8,032,301	8,172,012
Board designated	209,039	209,039
	8,241,340	8,381,051
With donor restrictions	290,000	152,320
Total Net Assets	8,531,340	8,533,371
	$ 8,994,044	$ 9,156,253

See notes to financial statements.

PAVE Academy Charter School

Statement of Activities

Year ended June 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
State and local per pupil operating revenue	$ 8,856,320	$ -	$ 8,856,320
Federal grants	713,022	-	713,022
Federal E-rate and IDEA	100,485	-	100,485
State grants	38,374	-	38,374
Contributions and grants	82,888	355,280	438,168
Interest and other income	240,941	-	240,941
Net assets released from restrictions	217,600	(217,600)	-
Total Revenue and Support	10,249,630	137,680	10,387,310
EXPENSES			
Program Services			
Regular education	6,315,686	-	6,315,686
Special education	3,013,936	-	3,013,936
Total Program Services	9,329,622	-	9,329,622
Supporting Services			
Management and general	1,059,719	-	1,059,719
Total Expenses	10,389,341	-	10,389,341
Change in Net Assets	(139,711)	137,680	(2,031)
NET ASSETS			
Beginning of year	8,381,051	152,320	8,533,371
End of year	$ 8,241,340	$ 290,000	$ 8,531,340

See notes to financial statements.

PAVE Academy Charter School

Statement of Activities

Year ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
State and local per pupil operating revenue	$ 9,227,880	$ -	$ 9,227,880
Federal grants	738,791	-	738,791
Federal E-rate and IDEA	200,169	-	200,169
State grants	40,775	-	40,775
Contributions and grants	81,857	209,920	291,777
Interest and other income	311,820	-	311,820
Net assets released from restrictions	197,000	(197,000)	-
Total Revenue and Support	10,798,292	12,920	10,811,212
EXPENSES			
Program Services			
Regular education	7,212,974	-	7,212,974
Special education	3,340,989	-	3,340,989
Total Program Services	10,553,963	-	10,553,963
Supporting Services			
Management and general	996,211	-	996,211
Total Expenses	11,550,174	-	11,550,174
Change in Net Assets	(751,882)	12,920	(738,962)
NET ASSETS			
Beginning of year	9,132,933	139,400	9,272,333
End of year	$ 8,381,051	$ 152,320	$ 8,533,371

See notes to financial statements.

PAVE Academy Charter School

Statement of Functional Expenses

Year ended June 30, 2026

		Program Services				
	No. of Positions	Regular Education	Special Education	Total	Management and General	Total
Personnel Services Costs						
Administrative staff personnel	18	$ 803,880	$ 530,688	$1,334,568	$ 724,314	$2,058,882
Instructional personnel	49	2,644,664	1,284,633	3,929,297	-	3,929,297
Total Personnel Services Costs	67	3,448,544	1,815,321	5,263,865	724,314	5,988,179
Fringe benefits and payroll taxes		675,018	355,331	1,030,349	141,777	1,172,126
Retirement		25,944	13,657	39,601	5,449	45,050
Legal service		21,038	11,075	32,113	4,419	36,532
Accounting / audit services		64,827	34,125	98,952	13,616	112,568
Other purchased / professional / consulting services		274,226	109,939	384,165	28,044	412,209
Repairs and maintenance		422,940	119,191	542,131	-	542,131
Insurance		136,901	72,065	208,966	28,754	237,720
Utilities		195,019	54,959	249,978	-	249,978
Supplies / materials		126,581	35,703	162,284	-	162,284
Equipment / furnishings		739	389	1,128	155	1,283
Staff development		8,615	2,428	11,043	-	11,043
Marketing / recruitment		66,888	35,210	102,098	14,049	116,147
Technology		88,327	28,750	117,077	3,313	120,390
Food service		230,115	121,133	351,248	48,332	399,580
Student services		280,828	79,141	359,969	-	359,969
Office expense		115,861	56,602	172,463	20,567	193,030
Depreciation and amortization		104,041	54,767	158,808	21,853	180,661
Other		29,234	14,150	43,384	5,077	48,461
Total Expenses		$6,315,686	$3,013,936	$9,329,622	$1,059,719	$10,389,341

See notes to financial statements.

PAVE Academy Charter School

Statement of Functional Expenses

Year ended June 30, 2025

		Program Services				
	No. of Positions	Regular Education	Special Education	Total	Management and General	Total
Personnel Services Costs						
Administrative staff personnel	17	$ 859,291	$ 514,327	$1,373,618	$ 678,490	$2,052,108
Instructional personnel	55	3,163,866	1,522,203	4,686,069	-	4,686,069
Total Personnel Services Costs	72	4,023,157	2,036,530	6,059,687	678,490	6,738,177
Fringe benefits and payroll taxes		837,300	423,843	1,261,143	141,207	1,402,350
Retirement		36,577	18,515	55,092	6,168	61,260
Legal service		11,111	5,624	16,735	1,875	18,610
Accounting / audit services		66,931	33,881	100,812	11,288	112,100
Other purchased / professional / consulting services		356,782	140,980	497,762	32,042	529,804
Repairs and maintenance		403,650	108,435	512,085	-	512,085
Insurance		125,526	63,542	189,068	21,168	210,236
Utilities		175,143	47,049	222,192	-	222,192
Supplies / materials		204,489	54,931	259,420	-	259,420
Equipment / furnishings		2,589	1,311	3,900	437	4,337
Staff development		25,614	6,881	32,495	-	32,495
Marketing / recruitment		104,044	52,667	156,711	17,548	174,259
Technology		98,550	28,546	127,096	1,471	128,567
Food service		257,994	130,597	388,591	43,509	432,100
Student services		225,322	60,529	285,851	-	285,851
Office expense		120,220	57,913	178,133	18,185	196,318
Depreciation and amortization		98,955	50,091	149,046	16,689	165,735
Other		39,020	19,124	58,144	6,134	64,278
Total Expenses		$7,212,974	$3,340,989	$10,553,963	$ 996,211	$11,550,174

See notes to financial statements.

PAVE Academy Charter School

Statements of Cash Flows

	Year Ended June 30,	
	2026	**2025**
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (2,031)	$ (738,962)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	180,661	165,735
Changes in operating assets and liabilities		
Grants and contracts receivable	85,430	356,691
Due from related party	(11,000)	(11,000)
Prepaid expenses and other current assets	59,921	(6,095)
Security deposits	-	(32,268)
Accounts payable and accrued expenses	(76,091)	37,555
Accrued payroll and payroll taxes	(84,087)	4,509
Net Cash from Operating Activities	152,803	(223,835)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(130,015)	(240,129)
Purchases of investments	(206,217)	(292,496)
Net Cash from Investing Activities	(336,232)	(532,625)
Net Change in Cash and Restricted Cash	(183,429)	(756,460)
CASH AND RESTRICTED CASH		
Beginning of year	2,259,649	3,016,109
End of year	$ 2,076,220	$ 2,259,649

See notes to financial statements.

1. Organization and Tax Status

PAVE Academy Charter School (the "School") is a New York State, not-for-profit educational corporation that was incorporated on January 15, 2008 to operate a charter school pursuant to Article 56 of the Education Law of the State of New York. The School was granted a provisional charter on January 15, 2008 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. The Board of Regents approved and issued several renewals to the School's charter expiring on June 30, 2028. During March of 2017, the School applied to change its authorizer and transfer its charter from the New York City Department of Education to the State University of New York ("SUNY"). On October 11, 2017, SUNY approved the transfer of the School's charter effective beginning with the 2017-2018 school year. The School provides students a rigorous, college-preparatory education that lays the foundation for a productive and choice-filled life. The School's evidence-based, multi-pronged approach recognizes that young people - particularly young people of color from high-poverty communities - can only achieve academic success when they feel safe, supported, connected, and emotionally healthy. To that end, the School equally fosters the academic, social, and emotional development of skills students need to become critical thinkers, problem solvers, overcomers, and future leaders in their communities. Classes commenced in Red Hook, Brooklyn, New York, in August 2008 and the School provided education to approximately 370 students in kindergarten through eighth grade in the 2025-2026 academic year.

The New York City Department of Education provides free transportation directly to some of the School's students. Such costs are not included in these financial statements.

Except for taxes that may be due for unrelated business income, the School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local income taxes under comparable laws.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Net Asset Presentation

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

Net Assets Without Donor Restrictions: consist of resources available for the general support of the School's operations. Net assets without donor restrictions may be used at the discretion of the School's management and/or the Board of Trustees. Board designated net assets were established by the Board of Trustees to provide a cash reserve for unforeseen operating and capital expenses.

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

2. Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

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

Investment Valuation

Investments are stated at fair value.

Investment Income Recognition

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

Restricted Cash

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

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the totals of the same such amounts presented on the statements of cash flows at June 30:

	2026	2025
Cash	$ 1,999,722	$ 2,183,151
Restricted cash	76,498	76,498
	$ 2,076,220	$ 2,259,649

2. Summary of Significant Accounting Policies (Continued)

Property and Equipment

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of $5,000 and a useful life in excess of one year. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods, which are reasonably assured, or the estimated useful life of the asset. Purchased property and equipment are recorded at cost at the date of acquisition. Costs of maintenance and repairs are expensed as incurred. All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case it is expensed as incurred.

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

Computers and equipment	3 and 5 years
Furniture and fixtures	7 years
Software	3 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to its fair value. There were no asset impairments for the years ended June 30, 2026 and 2025.

Revenue and Support

Revenue from the state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agency. Contribution revenue is recognized when a donor makes a gift to the School or a promise to make a gift to the School which is, in substance, unconditional.

2. Summary of Significant Accounting Policies (Continued)

Revenue and Support (Continued)

Grants and other contributions of cash are reported as net assets with donor restrictions if they are received with donor stipulations. Contributions and grants that are made to support the School's current year activities are recorded as net assets without donor restrictions. Contributions of assets other than cash and promise to give are recorded at their estimated fair value at the date of donation. In-kind donations are recorded at the estimated fair value at the date the services and goods are received. Rental income is recognized when earned in accordance with the agreement.

Functional Expense Allocation

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

Marketing and Recruitment

Marketing and recruitment costs are expensed as incurred for staff and student recruitment. Marketing and recruitment expense for the years ended June 30, 2026 and 2025 was $116,147 and $ 174,259.

Accounting for Uncertainty in Income Taxes

The School recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the School had no uncertain tax positions that would require financial statement recognition or disclosure. The School is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2023.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 28, 2026.

3. Grants and Contracts Receivable

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

4. Conditional Promise to Give

The School was awarded a conditional grant totaling $450,000, in maximum funding which contain donor conditions related to milestones and time periods. Since this grant represents a conditional promise to give, it is not recorded as grant revenue until donor conditions are met. Through June 30 2026 and 2025, revenue recognized under this grant totaled $150,000 and $0. At June 30, 2026 the remaining balance of this conditional promise to give was $300,000.

5. Fair Value of Investments

The School's investments consist of the following at June 30,

	2026		
	Level 1	**Level 2**	**Total**
Certificates of deposit	$ -	$ 3,925,910	$ 3,925,910
U.S. treasury bonds	463,772	678,354	1,142,126
Corporate bonds	-	1,163,678	1,163,678
	$ 463,772	$ 5,767,942	$ 6,231,714

5. Fair Value of Investments (Continued)

	2025		
	Level 1	**Level 2**	**Total**
Certificates of deposit	$ -	$ 3,790,795	$ 3,790,795
U.S. treasury bonds	405,765	702,253	1,108,018
Corporate bonds	-	1,126,684	1,126,684
	$ 405,765	$ 5,619,732	$ 6,025,497

Interest from investments was $206,794 and $ 293,024 for the years ended June 30, 2026 and 2025, and included in interest and other income in the statements of activities.

6. Property and Equipment

Property and equipment, net consists of the following as of June 30,

	2026	**2025**
Computer and equipment	$ 1,363,562	$ 1,293,909
Furniture and fixtures	226,767	222,107
Software	187,206	187,206
Leasehold improvements	342,145	286,443
	2,119,680	1,989,665
Less accumulated depreciation and amortization	(1,837,285)	(1,656,624)
	$ 282,395	$ 333,041

7. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statements of financial position date, are comprised of the following at June 30,

	2026	2025
Cash	$ 1,999,722	$ 2,183,151
Grants and contracts receivable	262,479	347,909
Due from related party	55,000	44,000
Investments	6,231,714	6,025,497
Total financial assets available	8,548,915	8,600,557
Less: amounts unavailable for general expenditures:		
Net assets with donor restrictions	(290,000)	(152,320)
Board designated net assets	(209,039)	(209,039)
	$ 8,049,876	$ 8,239,198

As part of the School's liquidity management plan, the status of grants and contracts receivable is monitored regularly and any excess cash is invested in highly liquid securities. In the event of an unanticipated liquidity need, the School could draw upon investments to cover any temporary shortfall in funding. At June 30, 2026 and 2025, the Board of Trustees has designated $209,039 of net assets without donor restrictions that could be drawn upon through board resolution and can be made available for facility improvements or repairs. The School will continue to rely on funding received from the New York Department of Education to cover its future operating costs (see note 11).

8. Related Party Transactions (not disclosed elsewhere)

The School is related to PAVE Schools, Inc. ("PAVE Schools"), a New York State not-for-profit corporation through common management. PAVE Schools supports the School through financial, fundraising and facility development efforts. There were no significant transactions with PAVE Schools during the years ended June 30, 2026 and 2025. Balance due from PAVE Schools at June 30, 2026 and 2025 was $55,000 and $44,000. The amounts bear no interest and there are no specific repayment terms.

8. Related Party Transactions (not disclosed elsewhere) (Continued)

On March 13, 2014, the School entered into a sub-sublease agreement with PACS 732 Henry LLC (“PACS 732”) (a single member LLC under PAVE Schools, a related party) to occupy a new facility located at 732 Henry Street in Brooklyn, New York. The School pays for all facility expenses, upkeep, and insurance. The sub-sublease agreement will terminate on March 13, 2034. PACS 732’s sublease with Civic Builders, a non-profit charter school developer, expires on March 13, 2113 and it is envisioned that the School will continue to periodically renew its sub-sublease agreement with PACS 732. Rent is payable at $1 per year, pursuant to the Ultimate Prime Lease that PACS 732 has with Civic Builders and the New York City School Construction Authority. On May 21, 2014, the School paid $20 to PACS 732 as prepayment of its 20 year lease. Title to the facility was transferred to the New York City School Construction Authority upon completion of construction. The School did not record a Right of use Asset due to the immaterial fixed rent amount and as the additional rent is considered variable lease expense.

9. Employee Benefit Plan

The School maintains a pension plan qualified under Internal Revenue Code 401(k) for the benefit of its eligible employees. Under the plan, the School provided matching contributions of 2% to the plan. The amount charged to operations for fees and matching contributions to this plan amounted to $45,050 and $61,260 for the years ended June 30, 2026 and 2025.

10. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash and cash equivalents on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation (“FDIC”) limit of $250,000. Investments are maintained at a broker which protects the balance up to $500,000 with Securities Investor Protection Corporation ("SIPC"). The School does not believe that a significant risk of loss due to the failure of a financial institution presently exists. As of June 30, 2026 and 2025, approximately $5,752,000 and $ 5,800,000 of cash was maintained with institutions in excess of FDIC limits, and approximately $1,806,000 and $1,735,000 of investments were maintained with an institution in excess of SIPC limits.

11. Concentration of Revenue and Support

The School receives a substantial portion of its support and revenue from the New York City Department of Education. For the years ended June 30, 2026 and 2025, the School received approximately 85% of its total revenue and support from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

12. Net Assets With Donor Restrictions

At June 30, 2026 and 2025, net assets with donor restrictions in the amount of $290,000 and $ 152,320 were restricted for a summer school program. For the years ended June 30, 2026 and 2025, net assets with donor restrictions in the amount of $217,600 and $197,000 were released from donor restriction for summer program costs.

13. Contingency

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

Board of Trustees
PAVE Academy Charter School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of PAVE Academy Charter School (the "School") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2026, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 28, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

PKF O'Connor Davies, LLP

Harrison, New York
October 28, 2026