



**Dream Charter School**



**Financial Statements  
and Supplementary Information  
(Together with Independent Auditors' Report)  
and Reports Required by *Government  
Auditing Standards***

**Years Ended June 30, 2025 and 2024**

**DREAM CHARTER SCHOOL**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**(Together with Independent Auditors' Report)**  
**and**  
**Reports Required by *Government Auditing Standards***  
**YEARS ENDED JUNE 30, 2025 AND 2024**

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Dream Charter School  
New York, NY

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the financial statements of Dream Charter School (the "School"), 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 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 the School as of June 30, 2025 and 2024, 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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 the School'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 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## ***Supplemental Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 17-18, for the year ended June 30, 2025, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the 2025 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the 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 30, 2025, on our consideration of the 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 the 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 the School's internal control over financial reporting and compliance.

*CBIZ CPAs P.C.*

New York, NY  
October 30, 2025

**DREAM CHARTER SCHOOL  
STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2C and 12B)	\$ 5,164,709	\$ 5,843,455
Investments (Notes 2G and 6)	7,741,992	7,391,318
Government grants receivable (Note 2F)	1,940,434	2,217,222
Contributions receivable (Notes 2D, 2F and 5)	1,566,975	616,592
Prepaid expenses and other assets	227,439	375,608
Restricted cash (Note 4)	175,000	175,000
Operating lease right-of-use asset (Note 9)	296,475,293	172,193,901
Property and equipment, net (Notes 2H and 7)	<u>5,888,278</u>	<u>4,411,173</u>
<b>TOTAL ASSETS</b>	<u>\$ 319,180,120</u>	<u>\$ 193,224,269</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,126,660	\$ 932,781
Due to institutional partner (Note 8)	1,046,345	2,219,939
Program related investment payable (Note 14)	1,525,000	1,700,000
Lease liability (Note 9)	<u>317,311,561</u>	<u>182,577,072</u>
<b>TOTAL LIABILITIES</b>	<u>321,009,566</u>	<u>187,429,792</u>
<b>COMMITMENTS AND CONTINGENCIES</b> (Note 10)		
<b>NET ASSETS</b> (Note 2B)		
Without donor restrictions:		
Available for operations	11,596,838	11,434,460
Net investment in property and equipment and operating leases	<u>(14,947,990)</u>	<u>(5,971,998)</u>
Total without donor restrictions	(3,351,152)	5,462,462
With donor restrictions (Note 11)	<u>1,521,706</u>	<u>332,015</u>
<b>TOTAL NET (DEFICIT) ASSETS</b> (Note 15)	<u>(1,829,446)</u>	<u>5,794,477</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 319,180,120</u>	<u>\$ 193,224,269</u>

**DREAM CHARTER SCHOOL  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	For the Year Ended June 30, 2025			For the Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total 2025	Without Donor Restrictions	With Donor Restrictions	Total 2024
<b>OPERATING PUBLIC SUPPORT AND REVENUE:</b>						
Public school district: (Notes 2E and 12A)						
Tuition - general enrollment	\$ 41,054,990	\$ -	\$ 41,054,990	\$ 31,316,903	\$ -	\$ 31,316,903
Tuition - students with disabilities	7,348,764	-	7,348,764	6,813,501	-	6,813,501
Subtotal public school district revenue	48,403,754	-	48,403,754	38,130,404	-	38,130,404
Government grants (Note 2E)	14,328,268	-	14,328,268	12,033,570	-	12,033,570
Contributions (Notes 2D and 2F)	45,950	4,077,827	4,123,777	70,462	2,086,928	2,157,390
Donated services and facilities (Notes 2J and 8)	3,663,765	-	3,663,765	2,326,200	-	2,326,200
Interest and dividends (Notes 2G and 6)	498,012	-	498,012	372,416	-	372,416
Realized and unrealized gain on investments (Notes 2G and 6)	1,379	-	1,379	73,280	-	73,280
Other	118,024	-	118,024	440,674	-	440,674
Net assets released from restrictions (Note 11)	2,888,136	(2,888,136)	-	1,852,952	(1,852,952)	-
<b>TOTAL OPERATING PUBLIC SUPPORT AND REVENUE</b>	<b>69,947,288</b>	<b>1,189,691</b>	<b>71,136,979</b>	<b>55,299,958</b>	<b>233,976</b>	<b>55,533,934</b>
<b>OPERATING EXPENSES (Note 2I):</b>						
Program services:						
General education	39,694,985	-	39,694,985	29,146,948	-	29,146,948
Special education	13,571,536	-	13,571,536	10,460,400	-	10,460,400
Total program services	53,266,521	-	53,266,521	39,607,348	-	39,607,348
Supporting services:						
Management and general	13,727,348	-	13,727,348	9,517,920	-	9,517,920
Fundraising	1,313,932	-	1,313,932	979,882	-	979,882
Total supporting services	15,041,280	-	15,041,280	10,497,802	-	10,497,802
<b>TOTAL OPERATING EXPENSES</b>	<b>68,307,801</b>	<b>-</b>	<b>68,307,801</b>	<b>50,105,150</b>	<b>-</b>	<b>50,105,150</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>1,639,487</b>	<b>1,189,691</b>	<b>2,829,178</b>	<b>5,194,808</b>	<b>233,976</b>	<b>5,428,784</b>
<b>NON-OPERATING ACTIVITIES:</b>						
Lease expense in excess of cash payments on leases (Note 9)	(10,453,101)	-	(10,453,101)	(5,752,113)	-	(5,752,113)
<b>TOTAL NON-OPERATING ACTIVITIES</b>	<b>(10,453,101)</b>	<b>-</b>	<b>(10,453,101)</b>	<b>(5,752,113)</b>	<b>-</b>	<b>(5,752,113)</b>
<b>CHANGE IN NET ASSETS</b>	<b>(8,813,614)</b>	<b>1,189,691</b>	<b>(7,623,923)</b>	<b>(557,305)</b>	<b>233,976</b>	<b>(323,329)</b>
Net Assets - Beginning of Year	5,462,462	332,015	5,794,477	6,019,767	98,039	6,117,806
<b>NET (DEFICIT) ASSETS - END OF YEAR (Note 15)</b>	<b>\$ (3,351,152)</b>	<b>\$ 1,521,706</b>	<b>\$ (1,829,446)</b>	<b>\$ 5,462,462</b>	<b>\$ 332,015</b>	<b>\$ 5,794,477</b>

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

**DREAM CHARTER SCHOOL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2025**  
(With Comparative Totals for the Year Ended June 30, 2024)

	For the Year Ended June 30, 2025							
	Program Services			Supporting Services				
	General Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2025	Total 2024
Salaries and wages	\$ 17,536,266	\$ 6,197,848	\$ 23,734,114	\$ 4,353,940	\$ -	\$ 4,353,940	\$ 28,088,054	\$ 21,324,025
Fringe benefits and payroll taxes (Note 13)	<u>3,827,754</u>	<u>1,352,617</u>	<u>5,180,371</u>	<u>917,982</u>	<u>-</u>	<u>917,982</u>	<u>6,098,353</u>	<u>4,456,240</u>
<b>Total Salaries and Related Costs</b>	21,364,020	7,550,465	28,914,485	5,271,922	-	5,271,922	34,186,407	25,780,265
Instructors and tutors	95,429	28,529	123,958	-	-	-	123,958	97,810
Classroom supplies	798,820	253,146	1,051,966	-	-	-	1,051,966	897,184
Program food and events	1,016,712	298,893	1,315,605	-	-	-	1,315,605	976,053
Other student expenses	1,423,246	455,727	1,878,973	-	-	-	1,878,973	1,200,569
Contractual services (Note 9)	1,970,250	804,750	2,775,000	7,445,612	1,313,932	8,759,544	11,534,544	9,932,544
Consulting and professional	993,262	358,909	1,352,171	61,840	-	61,840	1,414,011	1,122,539
Telephone and internet	-	-	-	-	-	-	-	1,243
Communication and outreach	-	-	-	430,597	-	430,597	430,597	293,593
Professional development	253,184	99,586	352,770	66,104	-	66,104	418,874	359,314
Office and administration	794,593	287,527	1,082,120	198,625	-	198,625	1,280,745	733,411
Insurance	280,203	114,449	394,652	2,583	-	2,583	397,235	183,709
Repairs and maintenance	10,050	3,331	13,381	-	-	-	13,381	6,463
Dues and publications	117,998	45,231	163,229	30,180	-	30,180	193,409	86,996
Donated facilities (Notes 2J and 8)	2,601,273	1,062,492	3,663,765	-	-	-	3,663,765	2,326,200
Bad debt expense	-	-	-	21,933	-	21,933	21,933	30,984
Depreciation and amortization (Note 7)	314,884	125,953	440,837	83,969	-	83,969	524,806	227,985
Occupancy (Note 9)	15,869,729	4,313,369	20,183,098	-	-	-	20,183,098	11,562,113
Miscellaneous	<u>10,481</u>	<u>3,131</u>	<u>13,612</u>	<u>113,983</u>	<u>-</u>	<u>113,983</u>	<u>127,595</u>	<u>38,288</u>
	<u>47,914,134</u>	<u>15,805,488</u>	<u>63,719,622</u>	<u>13,727,348</u>	<u>1,313,932</u>	<u>15,041,280</u>	<u>78,760,902</u>	<u>55,857,263</u>
Less: Lease expense in excess of cash payments on leases	<u>(8,219,149)</u>	<u>(2,233,952)</u>	<u>(10,453,101)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,453,101)</u>	<u>(5,752,113)</u>
<b>Total Expenses</b>	<u>\$ 39,694,985</u>	<u>\$ 13,571,536</u>	<u>\$ 53,266,521</u>	<u>\$ 13,727,348</u>	<u>\$ 1,313,932</u>	<u>\$ 15,041,280</u>	<u>\$ 68,307,801</u>	<u>\$ 50,105,150</u>

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



**DREAM CHARTER SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2024**

	Program Services			Supporting Services			
	General Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and wages	\$ 13,637,010	\$ 4,928,529	\$ 18,565,539	\$ 2,758,486	\$ -	\$ 2,758,486	\$ 21,324,025
Fringe benefits and payroll taxes (Note 13)	<u>2,811,263</u>	<u>1,050,196</u>	<u>3,861,459</u>	<u>594,781</u>	<u>-</u>	<u>594,781</u>	<u>4,456,240</u>
<b>Total Salaries and Related Costs</b>	16,448,273	5,978,725	22,426,998	3,353,267	-	3,353,267	25,780,265
Instructors and tutors	72,104	25,706	97,810	-	-	-	97,810
Classroom supplies	658,337	238,847	897,184	-	-	-	897,184
Program food and events	730,504	245,549	976,053	-	-	-	976,053
Other student expenses	884,578	315,991	1,200,569	-	-	-	1,200,569
Contractual services (Note 9)	2,414,000	986,000	3,400,000	5,552,662	979,882	6,532,544	9,932,544
Consulting and professional	760,937	292,350	1,053,287	69,252	-	69,252	1,122,539
Telephone and internet	-	-	-	1,243	-	1,243	1,243
Communication and outreach	-	-	-	293,593	-	293,593	293,593
Professional development	231,257	87,424	318,681	40,633	-	40,633	359,314
Office and administration	466,168	173,060	639,228	94,183	-	94,183	733,411
Insurance	112,695	46,030	158,725	24,984	-	24,984	183,709
Repairs and maintenance	4,799	1,664	6,463	-	-	-	6,463
Dues and publications	56,972	21,538	78,510	8,486	-	8,486	86,996
Donated facilities (Notes 2J and 8)	1,651,602	674,598	2,326,200	-	-	-	2,326,200
Bad debt expense	-	-	-	30,984	-	30,984	30,984
Depreciation and amortization (Note 7)	150,470	56,996	207,466	20,519	-	20,519	227,985
Occupancy (Note 9)	8,704,323	2,857,790	11,562,113	-	-	-	11,562,113
Miscellaneous	<u>7,732</u>	<u>2,442</u>	<u>10,174</u>	<u>28,114</u>	<u>-</u>	<u>28,114</u>	<u>38,288</u>
	<u>33,354,751</u>	<u>12,004,710</u>	<u>45,359,461</u>	<u>9,517,920</u>	<u>979,882</u>	<u>10,497,802</u>	<u>55,857,263</u>
Less: Lease expense in excess of cash payments on leases	<u>(4,207,803)</u>	<u>(1,544,310)</u>	<u>(5,752,113)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,752,113)</u>
<b>Total Expenses</b>	<u>\$ 29,146,948</u>	<u>\$ 10,460,400</u>	<u>\$ 39,607,348</u>	<u>\$ 9,517,920</u>	<u>\$ 979,882</u>	<u>\$ 10,497,802</u>	<u>\$ 50,105,150</u>

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

**DREAM CHARTER SCHOOL  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (7,623,923)	\$ (323,329)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized gain on investments	(1,379)	(73,280)
Non-cash lease expense	6,072,191	2,693,281
Bad debt expense	21,933	30,984
Depreciation and amortization	<u>524,806</u>	<u>227,985</u>
	(1,006,372)	2,555,641
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Government grants receivable	276,788	(1,284,766)
Contributions receivable	(972,316)	(349,537)
Prepaid expenses and other assets	148,169	(118,219)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	193,879	171,527
Due to institutional partner	(1,173,594)	1,471,100
Change in operating lease liability	<u>4,380,906</u>	<u>3,058,832</u>
<b>Net Cash Provided by Operating Activities</b>	<u>1,847,460</u>	<u>5,504,578</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(349,295)	(4,878,097)
Purchase of property and equipment	<u>(2,001,911)</u>	<u>(3,077,078)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(2,351,206)</u>	<u>(7,955,175)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayments on program related investment payable	(375,000)	-
Proceeds from program related investment payable	<u>200,000</u>	<u>1,500,000</u>
<b>Net Cash (Used) Provided by Financing Activities</b>	<u>(175,000)</u>	<u>1,500,000</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH</b>	<u>(678,746)</u>	<u>(950,597)</u>
Cash and cash equivalents and restricted cash - beginning of year	<u>6,018,455</u>	<u>6,969,052</u>
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR</b>	<u>\$ 5,339,709</u>	<u>\$ 6,018,455</u>
The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the statements of financial position:		
Cash and cash equivalents	\$ 5,164,709	\$ 5,843,455
Restricted cash	<u>175,000</u>	<u>175,000</u>
	<u>\$ 5,339,709</u>	<u>\$ 6,018,455</u>

**DREAM CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

DREAM Charter School (the “School”) is a charter school operating in New York City. The School's mission is to prepare students for high-performing high schools, colleges and beyond through a rigorous academic program that develops critical thinkers who demonstrate a love of learning, strong character and a commitment to wellness and active citizenship. The School inspires all students to recognize their potential and realize their dreams. The School hopes to achieve these overarching goals through its pioneering, experiential-based educational program. This educational program is based on four foundations: (1) an innovative curriculum emphasizing integration across subject areas and learning through experimentation; (2) an extended day and year model, to maximize instructional hours; (3) a co-teaching model that reduces the teacher-to-student ratio and integrates special needs students into the general population and (4) active family engagement as a cornerstone of the School's overall culture and philosophy. This program is designed to set high standards for achievement and prepare students for high-performing high schools and colleges.

The School opened in September 2008 with 50 kindergarteners and 50 first graders. It currently serves 1,728 youth in PreK-12th grade and serves youth in East Harlem and the South Bronx. Distinguishing features of the School include an inclusion method of co-teaching teams within each classroom and a Coordinated School Health Program as a fundamental component of the overall curriculum, culture and educational philosophy of the School. The ultimate goal of the School is to create a successful community-based education program for the youth of East Harlem and the South Bronx.

The School is supported by its institutional partner, Harlem RBI d/b/a DREAM (“DREAM”), a youth development organization located in East Harlem, New York. DREAM brings the expertise of its Board of Directors, executive leadership and its development, finance and operations teams to bear on the School's needs. Three members of DREAM's Board of Directors serve on the School's Board of Trustees.

DREAM is authorized by SUNY Charter Schools Institute to operate three schools under three charters. DREAM's East Harlem and Mott Haven charters received a maximum five-year renewal in 2024 through June 30, 2029, with DREAM's Highbridge charter effective through 2027.

The School is organized under the Not-For-Profit Corporation Law of the State of New York and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. ***Basis of Accounting*** – The School prepares its financial statements using the accrual basis of accounting. The School adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).

B. ***Basis of Presentation*** – The School reports information regarding its financial position and activities in two classes of net assets:

Without donor restrictions – Net assets that can be spent at the discretion of the School and have no associated donor-imposed stipulations.

With donor restrictions – Net assets that are restricted by the donor for a specific time period or purpose. The School did not have any net assets with donor restrictions to be held in perpetuity as of June 30, 2025 and 2024.

C. ***Cash and Cash Equivalents*** – Cash equivalents include all highly liquid instruments acquired with maturities of 90 days or less.

**DREAM CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- D. ***Contributions and Grants*** – Contributions and grants received, including unconditional promises to give, are recognized as revenues in the appropriate category of net assets in the period received. Conditional promises to give are recognized when they become unconditional, that is, when the conditions are substantially met. All contributions and grants receivable are expected to be collected within one year.

Government grants and contracts are nonexchange transactions and accounted for under Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08. Grants and contracts are recognized as revenue when barriers within the contract are overcome, and there is no right of return/release from obligation.

- E. ***Government Support and Tuition Revenue*** – State and local per pupil revenue 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.

Performance obligations are determined based on the nature of the services provided by the School in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The School measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

The School's performance obligations are primarily satisfied over time during the course of an academic year, therefore, there are no performance obligations or contract balances that are unsatisfied as of June 30, 2025 and 2024. The performance obligations for these contracts are completed when the service is completed and upon submission of required documentation. The School determines the transaction price based on the established per pupil reimbursement rate.

Revenue from federal, state and local government grants and contracts is recorded by the School when qualifying expenditures are incurred and billable. Funds received in advance for which expenditures have not been incurred are reflected as refundable advances, if applicable, in the accompanying statements of financial position. Governmental grants are recognized as revenue when barriers within the contract are overcome and there is no longer a right of return. As of June 30, 2025 and 2024, the School received conditional grants and contracts from government agencies in the aggregate amounts of approximately \$308,000 and \$238,000, respectively, that have not been recorded in the accompanying financial statements as they have not been earned. These grants and contracts require the School to provide certain services as specified in the contracts. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and contracts and the School may be required to return the funds already remitted. Government grants amounted to \$14,328,268 and \$12,033,570 for the years ended June 30, 2025 and 2024, respectively.

- F. ***Grants and Contributions Receivable*** – Grants and contributions receivable are stated at the amount management expects to collect from outstanding balances. The School may provide an allowance for doubtful accounts for receivables. This estimate is based on management's assessment of the aged basis of its government funding sources, current economic conditions and creditworthiness of its donors and grantors. The School determined that no allowance for doubtful accounts was necessary as of June 30, 2025 and 2024.

**DREAM CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- G. ***Investments and Fair Value Measurements*** - Investments are stated at fair value. Realized and unrealized gains and losses are recognized as changes in net assets in the period in which they occur, and interest and dividends are recognized as revenue in the period earned. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 6.
- H. ***Property and Equipment*** – The School capitalizes property and equipment having a cost of \$3,000 or more and a useful life of at least one year. Depreciation and amortization are recognized using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized over the lesser of their useful lives or the applicable lease term.
- I. ***Functional Allocation of Expenses*** – The School allocates expenses on a functional basis among its programs and supporting services. Expenses that can be identified as belonging to a specific program and/or support service are allocated directly according to their natural expense classification. Salaries and fringe benefits and payroll taxes are allocated based on estimates of time and effort. Other expenses are directly allocated.
- J. ***Donated Services and Facilities*** – Donated services are recognized at fair value if they create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind.

Donated facilities for the year ended June 30, 2025 consisted of the following:

<b><u>Nonfinancial Asset</u></b>	<b><u>Amount</u></b>	<b><u>Usage in Programs/Activities</u></b>	<b><u>Donor-imposed Restrictions</u></b>	<b><u>Fair Value Techniques</u></b>
Rent	\$ 3,663,765	Program and General and Administrative	No associated donor restriction	Based on market price

Donated facilities for the year ended June 30, 2024 consisted of the following:

<b><u>Nonfinancial Asset</u></b>	<b><u>Amount</u></b>	<b><u>Usage in Programs/Activities</u></b>	<b><u>Donor-imposed Restrictions</u></b>	<b><u>Fair Value Techniques</u></b>
Rent	\$ 2,326,200	Program and General and Administrative	No associated donor restriction	Based on market price

- K. ***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 amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements, and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.
- L. ***Operating Activities*** – The School's operating activities include all revenue and expenses of the School with the exception of lease expense in excess of cash payments on leases which is presented as non-operating activities on the accompanying consolidated financial statements of activities.

**DREAM CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES TO MEET GENERAL EXPENDITURES**

Financial assets as of June 30, 2025 and 2024, available for general expenditure, within one year of the statements of financial position dates, without donor or other restrictions limiting their use, were as follows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 5,164,709	\$ 5,843,455
Investments	7,741,992	7,391,318
Government grants receivable	1,940,434	2,217,222
Contributions receivable	<u>1,566,975</u>	<u>616,592</u>
	16,414,110	16,068,587
Less: net assets with donor restrictions	<u>(1,521,706)</u>	<u>(332,015)</u>
Total financial assets	<u>\$ 14,892,404</u>	<u>\$ 15,736,572</u>

The School's management monitors levels of available financial assets to anticipate cash requirements for general expenditures as obligations becomes due. As part of the School's liquidity management plan, the School invests cash in excess of daily requirements in short-term money market accounts.

**NOTE 4 – RESTRICTED CASH**

The New York City Department of Education (the "NYCDOE") requires the School to maintain funds in a separate cash account to have funds available to ensure an orderly liquidation, dissolution or transition process if the School's charter were to be terminated or the School was closed for other reasons. Restricted cash amounted to \$175,000 as of both June 30, 2025 and 2024.

**NOTE 5 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable consisted of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Due within 1 year	<u>\$ 1,566,975</u>	<u>\$ 616,592</u>

**NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments consisted of the following as of June 30, 2025:

U.S. Treasury bills	<u>\$ 7,741,992</u>
	<u>\$ 7,741,992</u>

Investments consisted of the following as of June 30, 2024:

U.S. Treasury bills	<u>\$ 7,391,318</u>
	<u>\$ 7,391,318</u>

Investment activity consisted of the following for the years ended:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 498,012	\$ 372,416
Realized gain	549	-
Unrealized gain on investments	<u>830</u>	<u>73,280</u>
	<u>\$ 499,391</u>	<u>\$ 445,696</u>

**DREAM CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

Investments are subject to market volatility, which could substantially change the carrying value in the near term.

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market value data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the School utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. Investments in treasury bills are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Financial assets carried at fair value at June 30, 2025, are classified within the hierarchy as follows:

ASSETS CARRIED AT FAIR VALUE:	<u>Level 1</u>	<u>Total</u>
Investments:		
U.S. Treasury bills	<u>\$ 7,741,992</u>	<u>\$ 7,741,992</u>
<b>TOTAL ASSETS AT FAIR VALUE</b>	<u><b>\$ 7,741,992</b></u>	<u><b>\$ 7,741,992</b></u>

Financial assets carried at fair value at June 30, 2024, are classified within the hierarchy as follows:

ASSETS CARRIED AT FAIR VALUE:	<u>Level 1</u>	<u>Total</u>
Investments:		
U.S. Treasury bills	<u>\$ 7,391,318</u>	<u>\$ 7,391,318</u>
<b>TOTAL ASSETS AT FAIR VALUE</b>	<u><b>\$ 7,391,318</b></u>	<u><b>\$ 7,391,318</b></u>

**NOTE 7 – PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consisted of the following as of June 30:

	<u>2025</u>	<u>2024</u>	<u>Estimated Useful Lives</u>
Equipment and computers	\$ 654,669	\$ 567,316	3 years
Leasehold improvements	473,346	30,145	
Furniture and fixtures	3,439,694	3,193,584	7 years
Construction in progress	<u>2,646,779</u>	<u>1,421,532</u>	
	7,214,488	5,212,577	
Less: accumulated depreciation and amortization	<u>(1,326,210)</u>	<u>(801,404)</u>	
<b>Total</b>	<u><b>\$ 5,888,278</b></u>	<u><b>\$ 4,411,173</b></u>	

**DREAM CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 7 – PROPERTY AND EQUIPMENT, NET (Continued)**

Depreciation and amortization expense amounted to \$524,806 and \$227,985 for the years ended June 30, 2025 and 2024, respectively.

During the year ended June 30, 2025, DREAM held leases for buildings at 20 Bruckner Boulevard and 1162 River Avenue in the Bronx to be the permanent homes for DREAM Mott Haven and DREAM Highbridge, respectively. “Construction in progress” above relates to the School’s portion of the build-out of these buildings. The construction in progress has an estimated cost of completion of \$2.7 million and estimated date of completion by the end of the first quarter of fiscal year 2026.

**NOTE 8 – RELATED-PARTY TRANSACTIONS**

The School has an Institutional Partnership Agreement (the “Agreement”) with DREAM, which has common management. The Agreement serves as the foundation of the governance relationship between the School and DREAM and describes the exact nature and costs of DREAM’s executive management and back office services to the School. Both the School’s Board of Trustees and DREAM’s Board of Directors have the option of severing the relationship between the two entities with agreed-upon notice, though the spirit of the partnership is unending. The Agreement is renewed annually by the Board of each entity. During the years ended June 30, 2025 and 2024, services provided and recognized as expense by the School under the Agreement amounted to \$11,534,544 and \$9,932,544, respectively.

As of June 30, 2025 and 2024, amounts due to DREAM from the School amounted to \$1,046,345 and \$2,219,939, respectively.

The School received the use of facilities without charge from DREAM, which was valued at \$3,663,765 and \$2,326,200 for the years ended June 30, 2025 and 2024, respectively.

**NOTE 9 – LEASES**

The School leases certain facilities, vehicles and equipment under long-term non-cancelable operating lease and finance lease agreements. The School assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement change. For the current year, there was one new lease but no amendments to existing leases that needed to be considered under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 842.

DREAM holds a portfolio of temporary and long-term leases and has entered into a sublease agreement to lease the spaces to Dream Charter School. During January 2023, DREAM commenced a lease agreement with a private landlord and subsequently entered into a sublease agreement to lease the same space to the School for use as a new K-12 school. During July 2024, DREAM commenced a lease agreement with a private landlord and subsequently entered into a sublease agreement to lease the same space to the School for use as a new K-6 school. Total rent expense amounted to \$20,183,098 and \$11,562,113 for the years ended June 30, 2025 and 2024, respectively.

The weighted-average discount rate is based on the implicit interest rate of 5% included in the sublease.

The School has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

Total lease costs consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Operating lease cost, included in occupancy	\$ 20,183,098	\$ 11,562,113



**DREAM CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 9 – LEASES (Continued)**

The following summarizes cash flow information related to leases as of June 30:

	<u>2025</u>	<u>2024</u>
Operating cash flow from operating leases	\$ 9,729,996	\$ 5,810,004

The following summarizes the weighted-average remaining lease term and weighted-average discount rate for operating lease as of June 30:

	<u>2025</u>	<u>2024</u>
Weighted average remaining lease term in years:	38.1	41.5
Weighted average discount rate	5%	5%

As of June 30, 2025 and 2024, the right-of-use (“ROU”) asset balance totaled \$296,475,293 and \$172,193,901, respectively, and lease liabilities totaled \$317,311,561 and \$182,577,072, respectively, as shown on the accompanying statement of financial position. Future minimum payments for non-cancelable leases for the remaining five years ending after June 30, 2025 and thereafter are as follows:

	<u>Operating Leases</u>
2026	\$ 11,530,004
2027	13,560,000
2028	14,809,996
2029	14,969,996
2030	15,120,000
Thereafter	<u>719,170,008</u>
Total lease payments	789,160,004
Less: present value discount	<u>(471,848,443)</u>
Present value of lease liabilities	<u>\$ 317,311,561</u>

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

- A. The School believes it had no uncertain tax positions as of June 30, 2025 and 2024, in accordance with FASB ASC Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- B. Certain grants and contracts may be subject to audit by funding sources. Such audits might result in disallowances of costs submitted for reimbursement by the School. Management is of the opinion that such disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

**NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were available for the following purposes as of June 30:

	<u>2025</u>	<u>2024</u>
Academic growth and performance and time restricted	\$ 900,000	\$ -
Other purpose and time restricted	<u>621,706</u>	<u>332,015</u>
	<u>\$ 1,521,706</u>	<u>\$ 332,015</u>

During the years ended June 30, 2025 and 2024, the School met donor restrictions and released net assets with donor restrictions of \$2,888,136 and \$1,852,952, respectively.

**DREAM CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 12 – CONCENTRATIONS**

- A. The School receives a majority of its revenues from the New York State Education Department (“NYSED”) through the NYCDOE Office of Schools. The NYCDOE provides general operating support to the School based upon the location and the number of students enrolled. Funding from the NYCDOE amounted to approximately 68% and 69% of total revenue for the years ended June 30, 2025 and 2024, respectively. The School is dependent upon this level of funding in order to continue its operations.
- B. Cash accounts that potentially subject the School to a concentration of credit risk include cash accounts with two banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Cash accounts are insured up to \$250,000 per depositor, per insured financial institution. As of June 30, 2025 and 2024, there was approximately \$4,424,000 and \$5,290,000, respectively, of cash and cash equivalents held by two banks that exceeded FDIC limits.

**NOTE 13 – PENSION PLAN**

The School has a tax deferred 403(b) retirement plan. All employees may participate by designating a percentage of their salaries, subject to regulatory limits, to be contributed to the plan on a pre-tax basis. During each of the years ended June 30, 2025 and 2024, the School contributed a 4% match for qualified participating staff members with one or more years of service. Employer contributions totaled \$233,621 and \$166,495 for the years ended June 30, 2025 and 2024, respectively.

**NOTE 14 – PROGRAM RELATED INVESTMENT PAYABLE**

On July 27, 2022, the School obtained a program related investment in the amount of \$200,000 from the Charter School Growth Fund. This amount bears interest at 1% and is payable back in the Charter School Growth Fund in 2027.

On December 8, 2023, the School obtained a program related investment in the amount of \$1,500,000 from the Charter School Growth Fund. This amount bears interest at 2.75% and is payable back in the Charter School Growth Fund through 2028.

On October 31, 2024, the School obtained a program related investment in the amount of \$200,000 from the Charter School Growth Fund. This amount bears interest at 1% and is payable back in the Charter School Growth Fund in 2029.

Future annual principal payments are as follows for the four fiscal years ending after June 30, 2025:

2026	\$	575,000
2027		575,000
2028		<u>375,000</u>
	\$	<u>1,525,000</u>

**NOTE 15 – NET ASSET DEFICIT**

As of June 30, 2025 and 2024 net assets amounted to \$(1,829,446) and \$5,794,477. This deficit relates to lease expense being recognized on a straightline basis over the life of the lease as further described in Note 9. As of June 30, 2025 and 2024, the net deficit attributable to the right of use asset and lease liability was \$10,453,101 and \$5,752,113, respectively.

**NOTE 16 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through October 30, 2025, the date the financial statements were available to be issued.

**DREAM CHARTER SCHOOL  
STATEMENT OF ACTIVITIES - BY SCHOOL  
FOR THE YEAR ENDED JUNE 30, 2025**

	Mott Haven School			East Harlem School			Highbridge School			Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING PUBLIC SUPPORT AND REVENUE:</b>												
Public school district:												
Tuition - general enrollment	\$ 24,088,278	\$ -	\$ 24,088,278	\$ 10,272,552	\$ -	\$ 10,272,552	\$ 6,694,160	\$ -	\$ 6,694,160	\$ 41,054,990	\$ -	\$ 41,054,990
Tuition - students with disabilities	<u>4,208,856</u>	<u>-</u>	<u>4,208,856</u>	<u>2,409,169</u>	<u>-</u>	<u>2,409,169</u>	<u>730,739</u>	<u>-</u>	<u>730,739</u>	<u>7,348,764</u>	<u>-</u>	<u>7,348,764</u>
Subtotal public school district revenue	28,297,134	-	28,297,134	12,681,721	-	12,681,721	7,424,899	-	7,424,899	48,403,754	-	48,403,754
Government grants	9,555,360	-	9,555,360	2,154,611	-	2,154,611	2,618,297	-	2,618,297	14,328,268	-	14,328,268
Contributions	-	278,000	278,000	45,950	3,799,827	3,845,777	-	-	-	45,950	4,077,827	4,123,777
Donated services and facilities	-	-	-	3,663,765	-	3,663,765	-	-	-	3,663,765	-	3,663,765
Interest and dividends	-	-	-	498,012	-	498,012	-	-	-	498,012	-	498,012
Realized and unrealized gain on investments	549	-	549	830	-	830	-	-	-	1,379	-	1,379
Other	1,325	-	1,325	116,699	-	116,699	-	-	-	118,024	-	118,024
Net assets released from restrictions	<u>139,000</u>	<u>(139,000)</u>	<u>-</u>	<u>2,749,136</u>	<u>(2,749,136)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,888,136</u>	<u>(2,888,136)</u>	<u>-</u>
<b>TOTAL OPERATING PUBLIC SUPPORT AND REVENUE</b>	<u>37,993,368</u>	<u>139,000</u>	<u>38,132,368</u>	<u>21,910,724</u>	<u>1,050,691</u>	<u>22,961,415</u>	<u>10,043,196</u>	<u>-</u>	<u>10,043,196</u>	<u>69,947,288</u>	<u>1,189,691</u>	<u>71,136,979</u>
<b>EXPENSES:</b>												
Program services:												
General education	19,491,843	-	19,491,843	13,678,398	-	13,678,398	6,524,744	-	6,524,744	39,694,985	-	39,694,985
Special education	<u>6,382,044</u>	<u>-</u>	<u>6,382,044</u>	<u>5,518,673</u>	<u>-</u>	<u>5,518,673</u>	<u>1,670,819</u>	<u>-</u>	<u>1,670,819</u>	<u>13,571,536</u>	<u>-</u>	<u>13,571,536</u>
Total program services	<u>25,873,887</u>	<u>-</u>	<u>25,873,887</u>	<u>19,197,071</u>	<u>-</u>	<u>19,197,071</u>	<u>8,195,563</u>	<u>-</u>	<u>8,195,563</u>	<u>53,266,521</u>	<u>-</u>	<u>53,266,521</u>
Supporting services:												
Management and general	2,788,598	-	2,788,598	10,071,175	-	10,071,175	867,575	-	867,575	13,727,348	-	13,727,348
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,313,932</u>	<u>-</u>	<u>1,313,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,313,932</u>	<u>-</u>	<u>1,313,932</u>
Total supporting services	<u>2,788,598</u>	<u>-</u>	<u>2,788,598</u>	<u>11,385,107</u>	<u>-</u>	<u>11,385,107</u>	<u>867,575</u>	<u>-</u>	<u>867,575</u>	<u>15,041,280</u>	<u>-</u>	<u>15,041,280</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>28,662,485</u>	<u>-</u>	<u>28,662,485</u>	<u>30,582,178</u>	<u>-</u>	<u>30,582,178</u>	<u>9,063,138</u>	<u>-</u>	<u>9,063,138</u>	<u>68,307,801</u>	<u>-</u>	<u>68,307,801</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<u>9,330,883</u>	<u>139,000</u>	<u>9,469,883</u>	<u>(8,671,454)</u>	<u>1,050,691</u>	<u>(7,620,763)</u>	<u>980,058</u>	<u>-</u>	<u>980,058</u>	<u>1,639,487</u>	<u>1,189,691</u>	<u>2,829,178</u>
<b>NON-OPERATING ACTIVITIES:</b>												
Lease expense in excess of cash payments on leases	(7,047,893)	-	(7,047,893)	-	-	-	(3,405,208)	-	(3,405,208)	(10,453,101)	-	(10,453,101)
<b>CHANGE IN NET ASSETS</b>	<u>2,282,990</u>	<u>139,000</u>	<u>2,421,990</u>	<u>(8,671,454)</u>	<u>1,050,691</u>	<u>(7,620,763)</u>	<u>(2,425,150)</u>	<u>-</u>	<u>(2,425,150)</u>	<u>(8,813,614)</u>	<u>1,189,691</u>	<u>(7,623,923)</u>
Net Assets - Beginning of Year	<u>8,633,564</u>	<u>-</u>	<u>8,633,564</u>	<u>(3,539,084)</u>	<u>332,015</u>	<u>(3,207,069)</u>	<u>367,982</u>	<u>-</u>	<u>367,982</u>	<u>5,462,462</u>	<u>332,015</u>	<u>5,794,477</u>
<b>NET (DEFICIT) ASSETS - END OF YEAR</b>	<u>\$ 10,916,554</u>	<u>\$ 139,000</u>	<u>\$ 11,055,554</u>	<u>\$ (12,210,538)</u>	<u>\$ 1,382,706</u>	<u>\$ (10,827,832)</u>	<u>\$ (2,057,168)</u>	<u>\$ -</u>	<u>\$ (2,057,168)</u>	<u>\$ (3,351,152)</u>	<u>\$ 1,521,706</u>	<u>\$ (1,829,446)</u>

DREAM CHARTER SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES - BY SCHOOL  
FOR THE YEAR ENDED JUNE 30, 2025

	Mott Haven School							East Harlem School						
	Program Services			Supporting Services				Program Services			Supporting Services			
	General Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total	General Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and wages	\$ 9,616,603	\$ 3,316,676	\$ 12,933,279	\$ 2,181,047	\$ -	\$ 2,181,047	\$ 15,114,326	\$ 5,323,360	\$ 2,123,715	\$ 7,447,075	\$ 1,482,041	\$ -	\$ 1,482,041	\$ 8,929,116
Fringe benefits and payroll taxes	2,131,134	732,577	2,863,711	466,185	-	466,185	3,329,896	1,128,931	451,507	1,580,438	301,005	-	301,005	1,881,443
<b>Total Salaries and Related Costs</b>	<b>11,747,737</b>	<b>4,049,253</b>	<b>15,796,990</b>	<b>2,647,232</b>	<b>-</b>	<b>2,647,232</b>	<b>18,444,222</b>	<b>6,452,291</b>	<b>2,575,222</b>	<b>9,027,513</b>	<b>1,783,046</b>	<b>-</b>	<b>1,783,046</b>	<b>10,810,559</b>
Instructors and tutors	95,208	28,439	123,647	-	-	-	123,647	221	90	311	-	-	-	311
Classroom supplies	416,478	124,402	540,880	-	-	-	540,880	237,196	96,883	334,079	-	-	-	334,079
Program food and events	653,082	195,076	848,158	-	-	-	848,158	127,005	51,875	178,880	-	-	-	178,880
Other student expenses	802,422	239,685	1,042,107	-	-	-	1,042,107	422,168	172,435	594,603	-	-	-	594,603
Contractual services	-	-	-	-	-	-	-	1,970,250	804,750	2,775,000	7,445,612	1,313,932	8,759,544	11,534,544
Consulting and professional	272,450	81,381	353,831	-	-	-	353,831	631,431	257,908	889,339	61,840	-	61,840	951,179
Telephone and internet	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Communication and outreach	-	-	-	-	-	-	-	-	-	-	430,597	-	430,597	430,597
Professional development	29,433	10,117	39,550	6,438	-	6,438	45,988	223,445	89,378	312,823	59,585	-	59,585	372,408
Office and administration	379,303	130,385	509,688	82,972	-	82,972	592,660	328,269	131,308	459,577	92,538	-	92,538	552,115
Insurance	-	-	-	-	-	-	-	280,203	114,449	394,652	2,583	-	2,583	397,235
Repairs and maintenance	7,056	2,108	9,164	-	-	-	9,164	2,994	1,223	4,217	-	-	-	4,217
Dues and publications	26,726	9,187	35,913	5,846	-	5,846	41,759	86,768	34,707	121,475	23,138	-	23,138	144,613
Donated facilities	-	-	-	-	-	-	-	2,601,273	1,062,492	3,663,765	-	-	-	3,663,765
Bad debt expense	-	-	-	14,763	-	14,763	14,763	-	-	-	6,711	-	6,711	6,711
Depreciation	-	-	-	-	-	-	-	314,884	125,953	440,837	83,969	-	83,969	524,806
Occupancy	10,478,345	3,129,895	13,608,240	-	-	-	13,608,240	-	-	-	-	-	-	-
Miscellaneous	10,481	3,131	13,612	31,347	-	31,347	44,959	-	-	-	81,556	-	81,556	81,556
	<u>24,918,721</u>	<u>8,003,059</u>	<u>32,921,780</u>	<u>2,788,598</u>	<u>-</u>	<u>2,788,598</u>	<u>35,710,378</u>	<u>13,678,398</u>	<u>5,518,673</u>	<u>19,197,071</u>	<u>10,071,175</u>	<u>1,313,932</u>	<u>11,385,107</u>	<u>30,582,178</u>
Less: Lease expense in excess of cash payments on leases	( 5,426,878 )	( 1,621,015 )	( 7,047,893 )	-	-	-	( 7,047,893 )	-	-	-	-	-	-	-
<b>Total Expenses</b>	<u>\$ 19,491,843</u>	<u>\$ 6,382,044</u>	<u>\$ 25,873,887</u>	<u>\$ 2,788,598</u>	<u>\$ -</u>	<u>\$ 2,788,598</u>	<u>\$ 28,662,485</u>	<u>\$ 13,678,398</u>	<u>\$ 5,518,673</u>	<u>\$ 19,197,071</u>	<u>\$ 10,071,175</u>	<u>\$ 1,313,932</u>	<u>\$ 11,385,107</u>	<u>\$ 30,582,178</u>

DREAM CHARTER SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES - BY SCHOOL  
FOR THE YEAR ENDED JUNE 30, 2025

Highbridge School							Total						
Program Services			Supporting Services				Program Services			Supporting Services			
General Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total	General Education	Special Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
\$ 2,596,303	\$ 757,457	\$ 3,353,760	\$ 690,852	\$ -	\$ 690,852	\$ 4,044,612	\$ 17,536,266	\$ 6,197,848	\$ 23,734,114	\$ 4,353,940	\$ -	\$ 4,353,940	\$ 28,088,054
567,689	168,533	736,222	150,792	-	150,792	887,014	3,827,754	1,352,617	5,180,371	917,982	-	917,982	6,098,353
3,163,992	925,990	4,089,982	841,644	-	841,644	4,931,626	21,364,020	7,550,465	28,914,485	5,271,922	-	5,271,922	34,186,407
-	-	-	-	-	-	-	95,429	28,529	123,958	-	-	-	123,958
145,146	31,861	177,007	-	-	-	177,007	798,820	253,146	1,051,966	-	-	-	1,051,966
236,625	51,942	288,567	-	-	-	288,567	1,016,712	298,893	1,315,605	-	-	-	1,315,605
198,656	43,607	242,263	-	-	-	242,263	1,423,246	455,727	1,878,973	-	-	-	1,878,973
-	-	-	-	-	-	-	1,970,250	804,750	2,775,000	7,445,612	1,313,932	8,759,544	11,534,544
89,381	19,620	109,001	-	-	-	109,001	993,262	358,909	1,352,171	61,840	-	61,840	1,414,011
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	430,597	-	430,597	430,597
306	91	397	81	-	81	478	253,184	99,586	352,770	66,104	-	66,104	418,874
87,021	25,834	112,855	23,115	-	23,115	135,970	794,593	287,527	1,082,120	198,625	-	198,625	1,280,745
-	-	-	-	-	-	-	280,203	114,449	394,652	2,583	-	2,583	397,235
-	-	-	-	-	-	-	10,050	3,331	13,381	-	-	-	13,381
4,504	1,337	5,841	1,196	-	1,196	7,037	117,998	45,231	163,229	30,180	-	30,180	193,409
-	-	-	-	-	-	-	2,601,273	1,062,492	3,663,765	-	-	-	3,663,765
-	-	-	459	-	459	459	-	-	-	21,933	-	21,933	21,933
-	-	-	-	-	-	-	314,884	125,953	440,837	83,969	-	83,969	524,806
5,391,384	1,183,474	6,574,858	-	-	-	6,574,858	15,869,729	4,313,369	20,183,098	-	-	-	20,183,098
-	-	-	1,080	-	1,080	1,080	10,481	3,131	13,612	113,983	-	113,983	127,595
9,317,015	2,283,756	11,600,771	867,575	-	867,575	12,468,346	47,914,134	15,805,488	63,719,622	13,727,348	1,313,932	15,041,280	78,760,902
(2,792,271)	(612,937)	(3,405,208)	-	-	-	(3,405,208)	(8,219,149)	(2,233,952)	(10,453,101)	-	-	-	(10,453,101)
\$ 6,524,744	\$ 1,670,819	\$ 8,195,563	\$ 867,575	\$ -	\$ 867,575	\$ 9,063,138	\$ 39,694,985	\$ 13,571,536	\$ 53,266,521	\$ 13,727,348	\$ 1,313,932	\$ 15,041,280	\$ 68,307,801

**INDEPENDENT AUDITORS' 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**

The Board of Trustees  
Dream Charter School  
New York, NY

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 Dream Charter School (the "School"), which comprise the statement of financial position as of June 30, 2025, 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 30, 2025.

***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.

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 may exist that have not been 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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CBIZ CPAs P.C.*

New York, NY  
October 30, 2025