Storefront Academy Charter School dba Storefront Academy Charter School South Bronx

Independent Auditor's Reports, Financial Statements, and Supplementary Information

June 30, 2026 and 2025

Storefront Academy Charter School
dba Storefront Academy Charter School South Bronx
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June 30, 2026 and 2025

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Independent Auditor's Report

Board of Trustees
Storefront Academy Charter School
dba Storefront Academy Charter School South Bronx
Bronx, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Storefront Academy Charter School dba Storefront Academy Charter School South Bronx (the School), 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 accompanying financial statements present fairly, in all material respects, the financial position of Storefront Academy Charter School dba Storefront Academy Charter School South Bronx 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Storefront Academy Charter School dba Storefront Academy Charter School South Bronx, 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.

Substantial Doubt About the School's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming the School will continue as a going concern. As discussed in Note 10 to the financial statements, the School has suffered recurring losses from operations and has stated that substantial doubt exists about the School's ability to continue as a going concern. Management's evaluation of the conditions and events and management's plans regarding these matters are also described in Note 10. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

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 Storefront Academy Charter School dba Storefront Academy Charter School South Bronx's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 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 Storefront Academy Charter School dba Storefront Academy Charter School South Bronx'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 Storefront Academy Charter School dba Storefront Academy Charter School South Bronx's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information within the statement of functional expenses and supplementary schedules are presented for purposes of additional analysis and are 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 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 accompanying supplementary 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, 2026 on our consideration of Storefront Academy Charter School dba Storefront Academy Charter School South Bronx'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 Storefront Academy Charter School dba Storefront Academy Charter School South Bronx'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 Storefront Academy Charter School dba Storefront Academy Charter School South Bronx's internal control over financial reporting and compliance.

Forvis Mazars, LLP

New York, New York
October 30, 2026

Storefront Academy Charter School
dba Storefront Academy Charter School South Bronx
Statements of Financial Position
June 30, 2026 and 2025

	2026	2025
ASSETS		
Current Assets		
Cash	$ 65,925	$ 5,626
Contributions and government grants receivable, net of allowance 2026 – $0, 2025 – $84,357	297,852	228,993
Prepaid expenses and other assets	40,050	55,909
Total Current Assets	403,827	290,528
Noncurrent Assets		
Restricted cash	5,016	7,243
Security deposit	380,000	650,000
Property and equipment, net	1,026,213	1,169,269
Right-of-use asset operating lease	2,851,020	27,818,009
Total Assets	$ 4,666,076	$ 29,935,049
LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	$ 1,248,754	$ 337,253
Rent payable	765,588	765,588
Accrued salaries and related liabilities	432,284	449,150
Deferred revenue	-	135,520
Operating lease liability – current portion	1,812,279	1,872,249
Total Current Liabilities	4,258,905	3,559,760
Noncurrent Liability		
Operating lease liability	911,135	28,039,845
Total Liabilities	5,170,040	31,599,605
Net Assets		
Without donor restrictions	(553,964)	(1,664,556)
With donor restrictions	50,000	-
Total Net Assets	(503,964)	(1,664,556)
Total Liabilities and Net Assets	$ 4,666,076	$ 29,935,049

Storefront Academy Charter School
dba Storefront Academy Charter School South Bronx
Statements of Activities
Years Ended June 30, 2026 and 2025

	2026			2025		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues and Other Support						
Per-pupil operating revenue – resident student enrollment	$ 6,411,751	$ -	$ 6,411,751	$ 6,886,520	$ -	$ 6,886,520
Per-pupil operating revenue – students with disabilities	827,969	-	827,969	1,082,018	-	1,082,018
New York City Department of Education (NYCDOE) rental assistance revenue	1,452,691	-	1,452,691	1,463,403	-	1,463,403
Total State and Local Per-pupil Operating Revenues	8,692,411	-	8,692,411	9,431,941	-	9,431,941
Government grants and contracts – federal	834,449	-	834,449	690,705	-	690,705
Government grants and contracts – state	5,288	-	5,288	23,836	-	23,836
Government grants and contracts – employee retention credit	1,064,869	-	1,064,869	-	-	-
Contributions	242,526	50,000	292,526	273,738	-	273,738
Interest	15	-	15	28	-	28
Other revenues	13,326	-	13,326	27,848	-	27,848
Total Operating Revenues and Other Support	10,852,884	50,000	10,902,884	10,448,096	-	10,448,096
Expenses						
Program Services						
General education	7,312,682	-	7,312,682	7,148,341	-	7,148,341
Special education	2,445,909	-	2,445,909	2,666,132	-	2,666,132
Total Program Services	9,758,591	-	9,758,591	9,814,473	-	9,814,473
Supporting Services						
Management and general	2,195,878	-	2,195,878	2,186,757	-	2,186,757
Total Expenses	11,954,469	-	11,954,469	12,001,230	-	12,001,230
Change in Net Assets Before Gain on Modification of Operating Lease	(1,101,585)	50,000	(1,051,585)	(1,553,134)	-	(1,553,134)
Gain on modification of operating lease	2,212,177	-	2,212,177	-	-	-
Change in Net Assets	1,110,592	50,000	1,160,592	(1,553,134)	-	(1,553,134)
Net Assets (Deficit), Beginning of Year	(1,664,556)	-	(1,664,556)	(111,422)	-	(111,422)
Net Assets (Deficit), End of Year	$ (553,964)	$ 50,000	$ (503,964)	$ (1,664,556)	$ -	$ (1,664,556)

See Notes to Financial Statements

Storefront Academy Charter School
dba Storefront Academy Charter School South Bronx
Statement of Functional Expenses
Year Ended June 30, 2026

	** No. of Positions	Program Services General Education	Program Services Special Education	Program Services Total	Supporting Services Management and General	Total
Personnel Service Costs						
Administrative personnel	14	$ 549,062	$ 147,172	$ 696,234	$ 931,613	$ 1,627,847
Instructional personnel	40	2,026,156	936,008	2,962,164	-	2,962,164
Noninstructional personnel	7	-	-	-	374,157	374,157
Total Personnel Service Costs	61	2,575,218	1,083,180	3,658,398	1,305,770	4,964,168
Payroll taxes and employee benefits		616,293	258,857	875,150	312,161	1,187,311
Legal fees		-	-	-	37,019	37,019
Audit fees		-	-	-	67,565	67,565
Professional fees		442,710	118,645	561,355	41,189	602,544
Repairs and maintenance		191,485	51,287	242,772	22,083	264,855
Curriculum and classroom		142,237	38,112	180,349	-	180,349
Student services		189,143	50,697	239,840	-	239,840
Food services		230,120	61,663	291,783	-	291,783
Staff development		178,144	47,746	225,890	20,696	246,586
Equipment and furnishings		23,200	6,217	29,417	2,692	32,109
Office expense		80,745	21,647	102,392	82,498	184,890
Rent and property tax		1,905,698	510,261	2,415,959	219,048	2,635,007
Utilities		170,705	45,684	216,389	19,515	235,904
Information technology		139,939	37,510	177,449	16,277	193,726
Marketing and recruiting		76,126	20,397	96,523	8,817	105,340
Insurance		96,449	25,837	122,286	11,145	133,431
Depreciation and amortization		163,705	43,852	207,557	18,907	226,464
Interest expense		8,878	2,381	11,259	1,037	12,296
Other expenses		81,887	21,936	103,823	9,459	113,282
Total Expenses Reported by Function on the Statements of Activities		$ 7,312,682	$ 2,445,909	$ 9,758,591	$ 2,195,878	$ 11,954,469

** Supplemental information

Storefront Academy Charter School
dba Storefront Academy Charter School South Bronx
Statement of Functional Expenses
Year Ended June 30, 2025

	** No. of Positions	Program Services: General Education	Program Services: Special Education	Program Services: Total	Supporting Services: Management and General	Total
Personnel Service Costs						
Administrative personnel	15	$ 657,152	$ 177,816	$ 834,968	$ 991,907	$ 1,826,875
Instructional personnel	40	1,789,338	1,074,503	2,863,841	-	2,863,841
Noninstructional personnel	8	-	-	-	385,072	385,072
Total Personnel Service Costs	63	2,446,490	1,252,319	3,698,809	1,376,979	5,075,788
Payroll taxes and employee benefits		544,811	271,175	815,986	301,661	1,117,647
Legal fees		-	-	-	29,927	29,927
Audit fees		-	-	-	57,355	57,355
Professional fees		449,604	122,996	572,600	36,302	608,902
Repairs and maintenance		261,942	71,859	333,801	25,894	359,695
Curriculum and classroom		156,502	42,446	198,948	-	198,948
Student services		208,599	57,008	265,607	-	265,607
Food services		270,442	73,749	344,191	-	344,191
Staff development		57,572	15,634	73,206	6,156	79,362
Equipment and furnishings		34,570	9,346	43,916	3,821	47,737
Office expense		87,021	23,623	110,644	9,331	119,975
Rent and property tax		1,906,082	526,999	2,433,081	176,449	2,609,530
Utilities		148,715	41,565	190,280	12,457	202,737
Information technology		119,140	32,388	151,528	12,642	164,170
Marketing and recruiting		90,286	24,549	114,835	9,565	124,400
Insurance		89,956	24,623	114,579	9,055	123,634
Depreciation and amortization		173,161	47,420	220,581	17,362	237,943
Interest expense		489	131	620	57	677
Bad debt expense		-	-	-	91,728	91,728
Other expenses		102,959	28,302	131,261	10,016	141,277
Total Expenses Reported by Function on the Statements of Activities		$ 7,148,341	$ 2,666,132	$ 9,814,473	$ 2,186,757	$ 12,001,230

** Supplemental information

Storefront Academy Charter School
dba Storefront Academy Charter School South Bronx
Statements of Cash Flows
Years Ended June 30, 2026 and 2025

	2026	2025
Operating Activities		
Change in net assets	$ 1,160,592	$ (1,553,134)
Items not requiring (providing) operating cash flows		
Bad debt expense	1,730	91,728
Depreciation and amortization	226,464	237,943
Gain on modification of right-of-use asset	(2,212,177)	-
Noncash operating lease expense	1,105,547	1,361,679
Changes in		
Contributions and government grants receivable	(70,589)	231,023
Prepaid expenses and other assets	15,859	207,994
Security deposit	270,000	(350,000)
Accounts payable and accrued expenses	911,501	173,554
Deferred revenue	(135,520)	135,520
Accrued salaries and related liabilities	(16,866)	(128,441)
Rent payable	-	(150,000)
Change in lease liability	(1,115,061)	(693,281)
Net Cash Provided by (Used in) Operating Activities	141,480	(435,415)
Investing Activities		
Purchase of property and equipment	(83,408)	(59,385)
Net Cash Used in Investing Activities	(83,408)	(59,385)
Change in Cash and Restricted Cash	58,072	(494,800)
Cash and Restricted Cash, Beginning of Year	12,869	507,669
Cash and Restricted Cash, End of Year	$ 70,941	$ 12,869
Cash and Restricted Cash Consist of		
Cash	$ 65,925	$ 5,626
Restricted Cash	5,016	7,243
	$ 70,941	$ 12,869
Supplemental Cash Flows Information		
Cash paid for interest	$ 12,296	$ 677

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Storefront Academy Charter School (the School) is an educational corporation that operates as a charter school in the Borough of Bronx, New York. On December 2, 2014, the Board of Regents and the Board of Trustees of the State University of New York, on behalf of the State Education Department (NYSED), granted the School a charter valid for a term of five years (expiring June 30, 2020) and renewable upon expiration. The School was granted a charter for grades K through 5. The School's charter was approved by the New York State Board of Regents through July 31, 2028.

The School has obtained a dba effective September 22, 2015 under the name Storefront Academy Charter School South Bronx.

The School was organized to provide children of varied academic strengths quality educational opportunities, preparing them academically, socially, and emotionally to become critical thinkers, high-achieving students, and well-rounded individuals. Working in partnership with families and community members, the School instills a powerful sense of self, and gives its students the tools to own the future and create meaningful adult lives. During fiscal years 2026 and 2025, the School located in South Bronx operated classes for approximately 233 and 333 full-time equivalent general instruction students, respectively, of which 39 and 93 were special education students, respectively.

On February 11, 2020, the Board of Regents of the University of the State of New York amended the charter agreement permitting an additional school to be opened by the School. Storefront Academy Charter School Harlem (SACSH) operates under the same management and board of trustees as the School. During fiscal years 2026 and 2025, SACSH operated classes for approximately 89 full-time equivalent general instruction students for both years, of which 27 and 31 were special education students, respectively. SACSH was issued a charter which expires on July 31, 2027.

The School is supported primarily by state and local per-pupil operating revenues.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Restricted Cash

Deposit accounts restricted externally by regulators are considered to be restricted cash.

Cash Reserves

The School is required to maintain cash in an account, pursuant to its Charter Agreements, to pay off expenses in the event of dissolution of the School.

Grants Receivable

Revenues from government grants to which the School is entitled are recognized mostly on student enrollment. Some grants are provided for specific educational endeavors, which are not based on student enrollment, and are recorded when related expenditures are incurred by the School. Receivables are recorded when the revenue is earned. Bad debt is charged if the receivable is determined to be uncollectible based on periodic review by management. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year-end. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. The School had an allowance of $0 and $84,357 as of June 30, 2026 and 2025, respectively.

Property and Equipment

Property and equipment acquisitions over $1,000 are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets under finance lease obligations and leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Leasehold improvements	10 years
Furniture and fixtures	5 to 7 years
Equipment	5 years
Computers	3 years
Library books	15 years

Long-Lived Asset Impairment

The School evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2026 and 2025.

Leases

The School determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The School determines lease classification as operating or finance at the lease commencement date.

The School combines lease and nonlease components, such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The School has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the School is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The School has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or grantor restrictions.

State and Local Per-Pupil Revenue

Revenues from the state and local governments resulting from the School's charter status and based on the number of students enrolled are recorded when services are performed in accordance with the charter agreement.

Contributions

Contributions are provided to the School either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts—with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the School overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.*, the donor-imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue without donor restrictions.

All contributions receivable as of June 30, 2026 and 2025 were without donor restrictions.

As of June 30, 2026, there were no conditional contributions received that were recorded as a liability. As of June 30, 2025, $135,520 received from conditional contributions were recorded as a liability.

Deferred Revenue

Revenue from conditional contributions is deferred and recognized as donor imposed barriers are met.

Government Grants

Support funded by grants is recognized as the School meets the conditions prescribed by the grant agreement, performs the contracted services, or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the School is subject to federal income tax on any unrelated business taxable income. The School files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program services, management and general, and fundraising categories based on time spent, and staffing allocations to the main functional areas of the School: general education, special education, and management/general.

Note 2. Conditional Grants and Contributions

A portion of the School's revenue is derived from cost-reimbursable grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the School has incurred expenditures in compliance with specific grant provisions. The School has the following conditional grants as of June 30, 2026:

Grant	Term	Grant Amount	Amount Recognized or Forfeited	Amount Outstanding
McKinney-Vento	9/2025 through 8/2028	$ 525,000	$ 163,299	$ 361,701

Note 3. Net Assets With Donor Restrictions

Net assets with donor restrictions of $50,000 at June 30, 2026 are restricted to supporting the salary of an on-site mental health counselor. There were no net assets with donor restrictions at June 30, 2025.

Note 4. Property and Equipment

Property and equipment as of June 30 consist of:

	2026	2025
Leasehold improvement	$ 1,058,166	$ 1,022,926
Furniture and fixtures	395,095	395,095
Equipment	508,698	502,405
Computers	466,175	424,300
Library books	445,999	445,999
	2,874,133	2,790,725
Accumulated depreciation and amortization	(1,847,920)	(1,621,456)
	$ 1,026,213	$ 1,169,269

Note 5. Leases

Nature of Leases

The School has entered into the following lease arrangements:

Operating Leases

The School has a lease for space located at Jackson Avenue. The lease is set to expire June 30, 2028 and contains a renewal option for five years. Termination of the lease is generally prohibited unless there is a violation under the lease agreement.

Additionally, in May 2019, the School agreed to lease additional space in Harlem, commencing July 2019. The lease was amended in December 2019 to adjust the lease payments. The lease was set to expire June 30, 2022 but was renewed through 2025. Termination of the lease is generally prohibited unless there is a violation under the lease agreement. In July 2023, the School notified the landlord they were relocating the School and were breaking the lease for cause. The School has accrued a liability for the lease payments even though they are no longer using the old leased space. The liability as of June 30, 2026 and 2025 was $765,588. The right-of-use asset was written down in 2024 due to impairment. As of the date of the report, the School is in negotiations with the landlord to cancel the balance of the lease payments.

The School signed a lease for new lease for space in Harlem for the School. The lease commenced September 2023. The lease was amended in May 2026 to permit termination by either party effective June 30, 2027, which was then initiated by the School. As part of the amendment, rental payments were modified, the School agreed to pay certain termination-related fees of $500,000, and the security deposit of $300,000 was forfeited to the landlord.

The amendment resulted in a remeasurement of the related lease liability and right-of-use asset. The School recognized a gain on modification of the operating lease of $2,212,177 for the year ended June 30, 2026. No such gain was recognized for the year ended June 30, 2025.

During the fiscal year 2021, the School signed two leases for a commercial unit and community facility unit located at Pontiac Place, Bronx, NY. The leases commenced on August 1, 2021 and expired June 30, 2026, after which they are month-to-month.

As of June 30, 2026, the School has entered into an additional lease for building space that has not commenced with total future payments of $81,219,440. This lease has a target commencement date of the 2027–2028 school year. Because the lease had not yet commenced as of June 30, 2026, no right-of-use asset or lease liability has been recognized. The lease agreement requires a $700,000 security deposit, of which the School paid $380,000.

All Leases

The School has no material related-party leases.

The School's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The lease cost and other required information for the years ended June 30, 2026 and 2025 are:

	2026	2025
Operating lease cost	$ 2,379,628	$ 2,540,646
Total lease cost	$ 2,379,628	$ 2,540,646
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 2,088,990	$ 1,872,249
Weighted-average remaining lease term		
Operating leases	1.65 years	27.66 years
Weighted-average discount rate		
Operating leases	3.22%	3.96%

Future minimum lease payments and reconciliation to the statement of financial position at June 30, 2026 are as follows:

	Leases
2027	$ 1,861,484
2028	923,364
Total undiscounted lease payments	2,784,848
Less imputed interest	(61,434)
Lease liabilities	$ 2,723,414

Note 6. Short-Term Borrowings

During the year ended June 30, 2026, the School utilized several short-term borrowing arrangements to fund temporary operating needs. Total borrowings under these arrangements were $1.325 million, including $400,000 from related parties, during the year. All borrowings were repaid in full prior to year-end, and no amounts were outstanding at June 30, 2026.

Note 7. Pension and Other Postretirement Benefit Plans

Employees of the School are eligible to participate in the Storefront Academy Harlem 403(b) Thrift Plan administered by Storefront Academy Harlem. The Board of Trustees annually determines the amount, if any, of the School's contributions to the plan. The School did not make a discretionary contribution to the plan for the years ended June 30, 2026 and 2025.

Note 8. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Grants and Contracts Subject to Audits

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.

Operating Revenue

The School obtained approximately 87% and 97% of its operating revenues through its charters from New York State for the years ended June 30, 2026 and 2025, respectively.

Note 9. Liquidity and Availability

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of June 30, 2026 and 2025, comprise the following:

	2026	2025
Current financial assets at year-end		
Cash	$ 65,925	$ 5,626
Contributions and government grants receivable	297,852	228,993
Total financial assets	363,777	234,619
Restricted funds	(50,000)	-
Financial assets available to meet cash needs for general expenditures within one year	$ 313,777	$ 234,619

The financial assets of the School without donor restrictions or restricted by state laws are available for general expenditures.

Note 10. Management's Consideration of Going Concern Matters

As of June 30, 2026, the School has a significant working capital deficit and a recent history of operational losses in its changes in net assets. During 2026, the School managed its liquidity needs through short-term funding, as described in Note 6, and approximately $1 million received under the employee retention credit program. While the School has made strides in reducing its future lease-related obligations and is working to grow enrollment at the Bronx campus, at this time there can be no assurance that the School will be successful in achieving its growth initiatives and expense reductions to alleviate substantial doubt of going concern.

The accompanying financial statements have been prepared assuming that the School will continue as a going concern; however, the above conditions raise substantial doubt about the School's ability to do so. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the School be unable to continue as a going concern.

Note 11. Employee Retention Tax Credit

The *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) and subsequent legislation provide a refundable employee retention tax credit (ERC) to eligible employers who meet either a gross receipts test or a government mandate test. The tax credit is equal to a specified percentage of qualified wages paid to employees subject to certain limits. The School has elected to account for these employee retention credits in accordance with Accounting Standards Codification (ASC) 985-605. The School has determined it qualifies for the tax credit and has claimed ERCs of $387,867 for Q1 and $677,002 for Q2 of calendar year 2021. A total of $1,064,869 was recognized as revenue and received in the year 2026.

Note 12. Subsequent Events

Subsequent events have been evaluated through October 30, 2026, which is the date the financial statements were available to be issued.

Supplementary Information

Storefront Academy Charter School
dba Storefront Academy Charter School South Bronx
Schedule of Activities by Location
Year Ended June 30, 2026

	Harlem			South Bronx			
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating Revenues and Other Support							
Per-pupil operating revenue – resident student enrollment	$ 1,772,859	$ -	$ 1,772,859	$ 4,638,892	$ -	$ 4,638,892	$ 6,411,751
Per-pupil operating revenue – students with disabilities	325,645	-	325,645	502,324	-	502,324	827,969
New York City Department of Education (NYCDOE) rental assistance revenue	531,858	-	531,858	920,833	-	920,833	1,452,691
Total State and Local Per-pupil Operating Revenues	2,630,362	-	2,630,362	6,062,049	-	6,062,049	8,692,411
Government grants and contracts – federal	170,442	-	170,442	664,007	-	664,007	834,449
Government grants and contracts – state	2,455	-	2,455	2,833	-	2,833	5,288
Government grants and contracts – employee retention credit	266,217	-	266,217	798,652	-	798,652	1,064,869
Contributions	105,056	-	105,056	137,470	50,000	187,470	292,526
Interest	-	-	-	15	-	15	15
Other revenues	3,354	-	3,354	9,972	-	9,972	13,326
Total Operating Revenues and Other Support	3,177,886	-	3,177,886	7,674,998	50,000	7,724,998	10,902,884
Expenses							
Program Services							
General education	2,596,278	-	2,596,278	4,716,404	-	4,716,404	7,312,682
Special education	974,808	-	974,808	1,471,101	-	1,471,101	2,445,909
Total Program Services	3,571,086	-	3,571,086	6,187,505	-	6,187,505	9,758,591
Supporting Services							
Management and general	735,589	-	735,589	1,460,289	-	1,460,289	2,195,878
Total Expenses	4,306,675	-	4,306,675	7,647,794	-	7,647,794	11,954,469
Change in Net Assets Before Gain on Modification of Operating Lease	(1,128,789)	-	(1,128,789)	27,204	50,000	77,204	(1,051,585)
Gain on modification of operating lease	2,212,177		2,212,177	-	-	-	2,212,177
Change in Net Assets	1,083,388	-	1,083,388	27,204	50,000	77,204	1,160,592
Net Assets (Deficit), Beginning of Year	(4,053,537)	-	(4,053,537)	2,388,981	-	2,388,981	(1,664,556)
Net Assets (Deficit), End of Year	$ (2,970,149)	$ -	$ (2,970,149)	$ 2,416,185	$ 50,000	$ 2,466,185	$ (503,964)

Storefront Academy Charter School
dba Storefront Academy Charter School South Bronx
Schedule of Functional Expenses – Harlem
Year Ended June 30, 2026

	No. of Positions	Program Services			Supporting Services	
		General Education	Special Education	Total	Management and General	Total
Personnel Service Costs						
Administrative personnel	2	$ 103,940	$ 27,806	$ 131,746	$ 257,737	$ 389,483
Instructional personnel	10	388,850	330,517	719,367	-	719,367
Noninstructional personnel	2	-	-	-	128,863	128,863
Total Personnel Service Costs	14	492,790	358,323	851,113	386,600	1,237,713
Payroll taxes and employee benefits		116,965	85,050	202,015	91,761	293,776
Legal fees		-	-	-	17,663	17,663
Audit fees		-	-	-	16,891	16,891
Professional fees		115,314	30,850	146,164	10,343	156,507
Repairs and maintenance		97,350	26,043	123,393	11,084	134,477
Curriculum and classroom		48,609	13,004	61,613	-	61,613
Student services		37,367	9,995	47,362	-	47,362
Food services		73,774	19,735	93,509	-	93,509
Staff development		40,471	10,827	51,298	4,607	55,905
Equipment and furnishings		6,469	1,731	8,200	736	8,936
Office expense		9,920	2,654	12,574	18,630	31,204
Rent and property tax		1,209,385	323,535	1,532,920	137,675	1,670,595
Utilities		143,643	38,427	182,070	16,352	198,422
Information technology		25,403	6,796	32,199	2,892	35,091
Marketing and recruiting		26,251	7,023	33,274	2,987	36,261
Insurance		41,697	11,155	52,852	4,747	57,599
Depreciation and amortization		74,190	19,847	94,037	8,446	102,483
Interest expense		247	66	313	28	341
Other		36,433	9,747	46,180	4,147	50,327
Total Expenses Reported by Function on the Statements of Activities		$ 2,596,278	$ 974,808	$ 3,571,086	$ 735,589	$ 4,306,675

Storefront Academy Charter School
dba Storefront Academy Charter School South Bronx
Schedule of Functional Expenses – South Bronx
Year Ended June 30, 2026

	No. of Positions	Program Services			Supporting Services	
		General Education	Special Education	Total	Management and General	Total
Personnel Service Costs						
Administrative personnel	12	$ 445,122	$ 119,366	$ 564,488	$ 673,876	$ 1,238,364
Instructional personnel	30	1,637,306	605,491	2,242,797	-	2,242,797
Noninstructional personnel	5	-	-	-	245,294	245,294
Total Personnel Service Costs	47	2,082,428	724,857	2,807,285	919,170	3,726,455
Payroll taxes and employee benefits		499,328	173,807	673,135	220,400	893,535
Legal fees		-	-	-	19,356	19,356
Audit fees		-	-	-	50,674	50,674
Professional fees		327,396	87,796	415,192	30,845	446,037
Repairs and maintenance		94,134	25,243	119,377	11,001	130,378
Curriculum and classroom		93,628	25,108	118,736	-	118,736
Student services		151,777	40,701	192,478	-	192,478
Food services		156,347	41,927	198,274	-	198,274
Staff development		137,673	36,919	174,592	16,089	190,681
Equipment and furnishings		16,731	4,487	21,218	1,955	23,173
Office expense		70,825	18,993	89,818	63,868	153,686
Rent and property tax		696,312	186,726	883,038	81,374	964,412
Utilities		27,062	7,257	34,319	3,163	37,482
Information technology		114,536	30,714	145,250	13,385	158,635
Marketing and recruiting		49,875	13,375	63,250	5,829	69,079
Insurance		54,752	14,682	69,434	6,398	75,832
Depreciation and amortization		89,515	24,005	113,520	10,461	123,981
Interest expense		8,631	2,315	10,946	1,009	11,955
Other expenses		45,454	12,189	57,643	5,312	62,955
Total Expenses Reported by Function on the Statements of Activities		$ 4,716,404	$ 1,471,101	$ 6,187,505	$ 1,460,289	$ 7,647,794

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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 Auditor's Report

Board of Trustees
Storefront Academy Charter School
dba Storefront Academy Charter School South Bronx
Bronx, New York

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 (*Government Auditing Standards*), the financial statements of Storefront Academy Charter School dba Storefront Academy Charter School South Bronx, 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 30, 2026, which contained an Emphasis of Matter paragraph regarding substantial doubt about the entity to continue as a going concern.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Storefront Academy Charter School dba Storefront Academy Charter School South Bronx'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 Storefront Academy Charter School dba Storefront Academy Charter School South Bronx's internal control. Accordingly, we do not express an opinion on the effectiveness of Storefront Academy Charter School dba Storefront Academy Charter School South Bronx'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Storefront Academy Charter School dba Storefront Academy Charter School South Bronx'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2026-001.

Storefront Academy Charter School dba Storefront Academy Charter School South Bronx's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Storefront Academy Charter School dba Storefront Academy Charter School South Bronx's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. Storefront Academy Charter School dba Storefront Academy Charter School South Bronx's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

Purpose of this Report

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

Forvis Mazars, LLP

New York, New York
October 30, 2026

Storefront Academy Charter School
dba Storefront Academy Charter School South Bronx
Schedule of Findings and Responses
Year Ended June 30, 2026

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
2026-001	**Escrow Account**

Criteria or Specific Requirement

Per Section 8.9 of the School's charter agreement, the School is required to maintain an escrow account to pay for legal and audit expenses that would be associated with a dissolution should it occur. The School is required to deposit $25,000 each of the first three years until there is $75,000 in the account and maintain a total balance of $75,000 for each location.

Condition

As of June 30, 2026, the School maintained an escrow balance of approximately $5,000, which is below the minimum funding requirement of $150,000.

Effect

The School was not in compliance with a requirement of the New York State Education Department.

Cause

Lack of funding.

Recommendation

We recommend that the School fund the escrow account at the required amount.

Views of Responsible Officials and Planned Corrective Actions

Agree with the finding; subsequent to year-end, the School will properly fund the escrow account upon receipt of November 2026 per pupil funding.

Storefront Academy Charter School
dba Storefront Academy Charter School South Bronx
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2026

Reference Number	Finding	
2025-001	***Escrow*** Per Section 8.9 of the School's charter agreement, the School is required to maintain an escrow account to pay for legal and audit expenses that would be associated with a dissolution should it occur. The School is required to deposit $25,000 each of the first three years until there is $75,000 in the account and maintain a total balance of $75,000 for each location. As of June 30, 2025, the School maintained an escrow balance below the minimum funding requirement of $150,000.	Unresolved 2026-001