

**LAYC CAREER ACADEMY
PUBLIC CHARTER SCHOOL**

**Financial Statements and Supplemental Schedules
Together with Reports of Independent Public Accountants**

For the Years Ended June 30, 2025 and 2024

LAYC CAREER ACADEMY PUBLIC CHARTER SCHOOL

Financial Statements and Supplemental Schedules Together with Reports of Independent Public Accountants

JUNE 30, 2025 AND 2024

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Trustees
LAYC Career Academy
Public Charter School

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LAYC Career Academy Public Charter School (the Academy), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and change in net assets, 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 Academy as of June 30, 2025 and 2024, and the change 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); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the auditing standards established pursuant to the District of Columbia School Reform Act, Public law No. 104-134, 110 Stat. 1321-121, 2204(c)(11)(B)(ix)(1996); D.C. Official Code 38-1802.04(ii)(B)(2001, as amended). 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 the Academy 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls 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 Academy's ability to continue as a going concern for 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 controls. 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal controls. 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 Academy'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 controls-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 schedules of occupancy expenses and non-facility expenses, schedule of vendors contracted for services in excess of \$25,000, schedule of facility usage, and schedule of administrative fee exclusions, are presented for purposes of additional analysis and are not a required part of the basic financial statements, but are required by the District of Columbia Public Charter School Board (D.C. PCSB). Such information is the responsibility of management and, except for that portion marked “unaudited,” was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for that portion marked “unaudited,” has been subjected to the auditing procedures applied in the audits 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 auditing standards generally accepted in the United States of America. In our opinion, except for that portion marked “unaudited,” on which we express no opinion nor any assurance, 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 December 8, 2025, on our consideration of the Academy’s internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal controls 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 Academy’s internal controls over financial reporting and compliance.

Washington, D.C.
December 8, 2025



LAYC CAREER ACADEMY PUBLIC CHARTER SCHOOL

Statements of Financial Position As of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,141,228	\$ 2,853,080
Grants receivable	240,876	126,380
Other receivables	772	-
Prepaid expenses	151,295	21,068
Total Current Assets	<u>3,534,171</u>	<u>3,000,528</u>
Security deposits	64,792	44,792
Lease collateral deposit	1,000,000	-
Lease tenant allowance receivable	3,950,000	-
Right of use asset - operating, net	8,821,121	48,734
Property and equipment, net	1,279,810	112,823
Total Assets	<u><u>\$ 18,649,894</u></u>	<u><u>\$ 3,206,877</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 870,462	\$ 170,784
Deferred revenue	54,859	-
Lease liability - operating, current	175,098	48,734
Total Current Liabilities	<u>1,100,419</u>	<u>219,518</u>
Lease liability - operating, net	12,596,023	-
Total Liabilities	<u>13,696,442</u>	<u>219,518</u>
Net Assets		
Without donor restrictions	4,953,452	2,987,359
Total Net Assets	<u>4,953,452</u>	<u>2,987,359</u>
Total Liabilities and Net Assets	<u><u>\$ 18,649,894</u></u>	<u><u>\$ 3,206,877</u></u>

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

LAYC CAREER ACADEMY PUBLIC CHARTER SCHOOL

Statements of Activities and Change in Net Assets For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and Support		
Per pupil allocation-general education	\$ 3,351,345	\$ 2,134,978
Per pupil allocation-categorical enhancements	526,112	426,002
Per pupil allocation-facilities allowance	694,524	539,678
Federal grants	315,939	241,823
Other governmental revenue - ERTC	495,909	-
Local grants	364,757	331,446
Private grants and contributions	534,025	124,828
Interest income	121,186	77,980
Other income	76,603	2,909
Total Revenue and Support	<u>6,480,400</u>	<u>3,879,644</u>
Expenses		
Program services	4,295,836	3,311,927
Supporting services:		
General and administrative	169,350	323,263
Fundraising	49,121	21,382
Total supporting services	<u>218,471</u>	<u>344,645</u>
Total Expenses	<u>4,514,307</u>	<u>3,656,572</u>
Change in Net Assets Without Donor Restrictions	<u>1,966,093</u>	<u>223,072</u>
 Change in net assets	 1,966,093	 223,072
Net assets, beginning of year	2,987,359	2,764,287
Net Assets, End of Year	<u><u>\$ 4,953,452</u></u>	<u><u>\$ 2,987,359</u></u>

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

LAYC CAREER ACADEMY PUBLIC CHARTER SCHOOL

Statement of Functional Expenses

For the Year Ended June 30, 2025, with Comparative 2024 Totals

	2025				
	Program Services	General and Administrative	Fundraising	Total	2024 Totals
SALARIES, TAXES AND BENEFITS					
Salaries	\$ 2,074,932	\$ 92,683	\$ 16,452	\$ 2,184,067	\$ 1,619,179
Employee benefits	141,193	6,313	1,124	148,630	145,668
Payroll taxes	181,975	8,137	1,448	191,560	137,248
Total Salaries, Taxes and Benefits	2,398,100	107,133	19,024	2,524,257	1,902,095
DIRECT STUDENT COSTS					
Contracted services, supplies and materials	498,541	-	-	498,541	287,678
Transportation	781	-	-	781	3,037
Food services	78,650	-	-	78,650	72,371
Client training and education	74,631	-	-	74,631	3,296
Total Direct Student Costs	652,603	-	-	652,603	366,382
OCCUPANCY EXPENSES					
Space rental	571,559	21,610	2,143	595,312	586,544
Utilities and garbage removal	70,884	2,680	266	73,830	67,516
Contracted building services	132,891	5,024	498	138,413	170,436
Total Occupancy Expenses	775,334	29,314	2,907	807,555	824,496
OFFICE EXPENSES					
Postage and shipping	1,311	50	5	1,366	1,491
Office equipment	79,091	2,990	297	82,378	80,316
Staff training	42,366	1,602	159	44,127	12,390
Miscellaneous	20,627	780	77	21,484	57,109
Total Office Expenses	143,395	5,422	538	149,355	151,306
GENERAL EXPENSES					
Insurance	19,764	747	74	20,585	17,551
Administration fee (to PCSB)	54,158	2,048	203	56,409	44,012
Depreciation expense- nonfacility	59,847	2,263	224	62,334	81,782
Dues	-	15,139	-	15,139	16,184
Professional fees	192,432	7,276	722	200,430	171,958
Management fees	-	-	-	-	80,208
Fundraising	-	-	25,428	25,428	598
Other general expenses	203	8	1	212	-
Total General Expenses	326,404	27,481	26,652	380,537	412,293
Total Expenses	\$ 4,295,836	\$ 169,350	\$ 49,121	\$ 4,514,307	\$ 3,656,572

The accompanying notes are an integral part of this financial statement.

LAYC CAREER ACADEMY PUBLIC CHARTER SCHOOL

Statement of Functional Expenses For the Year Ended June 30, 2024

	Program Services	General and Administrative	Fundraising	Total
SALARIES, TAXES AND BENEFITS				
Salaries	\$ 1,535,976	\$ 69,219	\$ 13,984	\$ 1,619,179
Employee benefits	138,183	6,227	1,258	145,668
Payroll taxes	130,196	5,867	1,185	137,248
Total Salaries, Taxes and Benefits	1,804,355	81,313	16,427	1,902,095
DIRECT STUDENT COSTS				
Contracted services, supplies and materials	287,678	-	-	287,678
Transportation	3,037	-	-	3,037
Food services	72,371	-	-	72,371
Client training and education	3,296	-	-	3,296
Total Direct Student Costs	366,382	-	-	366,382
OCCUPANCY EXPENSES				
Space rental	560,934	23,440	2,170	586,544
Utilities and garbage removal	64,599	2,699	218	67,516
Contracted building services	163,003	6,811	622	170,436
Total Occupancy Expenses	788,536	32,950	3,010	824,496
OFFICE EXPENSES				
Postage and shipping	1,426	60	5	1,491
Office equipment	76,813	3,210	293	80,316
Staff training	11,850	495	45	12,390
Miscellaneous	54,618	2,282	209	57,109
Total Office Expenses	144,707	6,047	552	151,306
GENERAL EXPENSES				
Insurance	16,785	701	65	17,551
Administration fee (to PCSB)	42,092	1,759	161	44,012
Depreciation expense - nonfacility	78,215	3,268	299	81,782
Dues	-	16,184	-	16,184
Professional fees	70,855	100,833	270	171,958
Management fees	-	80,208	-	80,208
Fundraising	-	-	598	598
Total General Expenses	207,947	202,953	1,393	412,293
Total Expenses	\$ 3,311,927	\$ 323,263	\$ 21,382	\$ 3,656,572

The accompanying notes are an integral part of this financial statement.

LAYC CAREER ACADEMY PUBLIC CHARTER SCHOOL

Statements of Cash Flows

For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,966,093	\$ 223,072
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	62,334	81,782
Loss on sale of property and equipment	397	-
Effect of changes in non-cash operating assets and liabilities:		
Grants receivable	(114,496)	215,854
Other receivables	(772)	1,592
Prepaid expenses	(130,227)	27,145
Deposits	(20,000)	-
Lease collateral deposit	(1,000,000)	-
Deferred revenue	54,859	-
Accounts payable and accrued expenses	32,596	28,494
Net Cash from Operating Activities	<u>850,784</u>	<u>577,939</u>
 Cash Flows from Investing Activities		
Purchases of property and equipment	<u>(562,636)</u>	<u>(106,431)</u>
 Net change in cash and cash equivalents	288,148	471,508
Cash and cash equivalents, beginning of year	2,853,080	2,381,572
Cash and Cash Equivalents, End of Year	<u><u>\$ 3,141,228</u></u>	<u><u>\$ 2,853,080</u></u>
 Supplemental Disclosure		
Property and equipment acquired by incurring accounts payable	<u><u>\$ 667,082</u></u>	<u><u>\$ -</u></u>

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

LAYC CAREER ACADEMY PUBLIC CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2025 and 2024

1. ORGANIZATION AND PROGRAM

The LAYC Career Academy Public Charter School (the Academy) was incorporated in the District of Columbia in December 2011, and opened its doors in September 2012. This is the fourth public charter school founded by the Latin American Youth Center (LAYC). The innovative educational model offers students, ages 16-30, the opportunity to prepare for and pass the GED (General Educational Development) and prepare for a career as an A+ certified IT professional or a medical assistant. The Academy's students are able to start their college education by completing six college credits (the equivalent of two advanced placement classes) through the Academy's partnership with the Community College of the District of Columbia.

On July 1, 2012, the Academy entered into a contract, amended on May 9, 2017, with the District of Columbia Public Charter School Board (the Board), granting the Academy a charter for the establishment of a public charter school in Washington, D.C. The charter expires on June 30, 2027. The Board has the authority to revoke the charter for violations of applicable laws and conditions, terms and procedures set forth in the charter. The Academy's current charter provides for enrollment of up to 200 students. Under the provisions of the contract, the District of Columbia is to make annual payments to the Academy for services provided to the students based on the number of students attending the Academy each year. The Academy is a District of Columbia nonprofit organization in accordance with the District of Columbia Nonprofit Corporation Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Academy have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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 as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

LAYC CAREER ACADEMY PUBLIC CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and certificate of deposits that are readily convertible to cash with an original maturity of three months or less.

Grants Receivable

Grants receivable consist primarily of amounts due from governmental agencies and are recorded at their net realizable value. The Academy records an allowance for credit losses accounts equal to estimated losses that will be incurred in the collection of receivables. The estimated losses are based on historical collection experience and the review of the current status of existing receivables. Management believes that all receivables were fully collectible as of June 30, 2025 and 2024.

Right of Use of Asset and Liability

The Academy recorded a right of use asset related to its office facility where the Academy conducts its operations. The right of use asset was being amortized over the term of the lease. As of June 30, 2025 and 2024, the present value of the right of use asset was \$8,821,121 and \$48,734, respectively.

The lease liability represented the future commitments for the Academy's office facility. The term of the lease was assessed as the non-cancellable period of the lease, plus any extension options that the Academy was reasonably certain to exercise. The lease liability was discounted using the Academy's estimated borrowing rate.

Property and Equipment, Net

Property and equipment valued in excess of \$5,000 (bulk greater than \$10,000), with an anticipated useful life greater than one year, are capitalized and recorded at cost if purchased, or estimated fair market value as of the date of gift, if donated. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets. All capitalized assets as of June 30, 2025 and 2024, consisted of furniture and equipment with a useful life of three to five years and construction in progress. Expenditures for maintenance and repairs, including planned major maintenance activities, are charged to expense as incurred.

Net Assets

Net assets without donor restrictions are assets and contributions that are not restricted by donors or for which restrictions have expired.

LAYC CAREER ACADEMY PUBLIC CHARTER SCHOOL

Notes to the Financial Statements June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

Net assets with donor restrictions are those whose use by the Academy have been limited by donors primarily for a specific time period or purpose. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions. If a donor restriction is met in the same reporting period in which the contribution is received, the contribution (to the extent that the restrictions have been met) is reported as net asset without donor restrictions. There were no net assets with donor restrictions as of June 30, 2025 and 2024.

Net assets with donor restrictions are also those that are restricted by donors to be maintained by the Academy in perpetuity. There were no net assets with donor restrictions in perpetuity as of June 30, 2025 and 2024.

Revenue and Support

Contributions received are recorded when pledged and classified as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when some stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions.

Revenue Recognition

The Academy receives a student allocation from the District of Columbia as well as federal funding to cover the cost of academic expenses. The student allocation is on a per pupil basis and includes the academic year funding, special education funding, and a facilities allotment. The Academy recognizes this funding in the year in which the school term is conducted. Funding received in advance of the school term is recorded as deferred revenue in the accompanying statements of financial position. Revenue from other government sources are recognized as earned.

LAYC CAREER ACADEMY PUBLIC CHARTER SCHOOL

Notes to the Financial Statements June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee Retention Tax Credit

In March 2020, the World Health Organization declared the outbreak of COVID-19, a global pandemic and recommended containment and mitigation measures worldwide. As a result, widespread shutdowns of states, cities, schools, and businesses began to take place, impacting the United States as the number of people infected grew at an unprecedented rate. The United States Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020 as a result of the COVID-19 global pandemic to assist in repairing the economy. Since that time, the Academy has received several federal and local emergency relief funds to address the impact of COVID-19. Specifically, in connection with The Taxpayer Certainty and Disaster Tax Relief Act of 2020, which was enacted on December 27, 2020, the Academy was eligible for the refundable tax credit against certain employment taxes. During the year ended June 30, 2025, the Academy received \$495,909 of employee retention credits as refunds for periods prior to fiscal year 2025. The Academy recognizes these credits when the amount is determined and the Academy is assured it will receive that amount. These amounts are recorded as other governmental revenue in the accompanying statement of activities and changes in net assets for the year ended June 30, 2025.

Functional Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and change in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and benefits, occupancy, and depreciation. These expenses are allocated on the basis of estimates of time and effort by employees or facilities use percentage. Expenses directly identifiable to specific programs and supporting activities are presented accordingly.

Income Taxes

The Academy is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable District of Columbia income tax laws.

Accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. The Academy performed an evaluation of uncertain tax positions for the years ended June 30, 2025 and 2024, and determined that there were no matters that would require recognition in the financial statements or which may have any effect on its tax-exempt status.

LAYC CAREER ACADEMY PUBLIC CHARTER SCHOOL

Notes to the Financial Statements June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

For the year ended June 30, 2025, the statute of limitations for fiscal years 2022 through 2025 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Academy files tax returns. It is the Academy's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

Reclassifications

Certain amounts in the 2024 financial statements have been reclassified to conform to the presentation of the 2025 financial statements. These reclassifications had no effect on the changes in net assets.

Liquidity

The Academy regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Academy primarily has cash at its disposal.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Academy considers all expenditures related to its ongoing activities of teaching, as well as the conduct of services undertaken to support those activities, to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Academy strives to operate with a balanced budget and anticipates collecting enough revenue to cover general expenditures.

As of June 30, 2025 and 2024, the following table shows the total financial assets held by the Academy and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2025</u>	<u>2024</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 3,141,228	\$ 2,853,080
Grants receivable	<u>240,876</u>	<u>126,380</u>
Total Financial Assets Available to Meet General Expenditures Over the Next 12 Months	<u><u>\$ 3,382,104</u></u>	<u><u>\$ 2,979,460</u></u>

The Academy has a policy to structure its financial assets to be available for its general expenses, liabilities, and other obligations as they come due. The Academy has a goal to maintain financial assets on hand to meet at least 45 days of operating expenses.

LAYC CAREER ACADEMY PUBLIC CHARTER SCHOOL

Notes to the Financial Statements June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

The Academy evaluated the accompanying financial statements for subsequent events and transactions through December 8, 2025, the date the financial statements were available for issue, and has determined that no material subsequent events, other than those disclosed in Note 4, have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

3. PROPERTY AND EQUIPMENT, NET

As of June 30, 2025 and 2024, property and equipment consisted of the following:

	<u>2025</u>	<u>2024</u>	<u>Estimated Useful Life</u>
Furniture and equipment	\$ 240,733	\$ 528,278	3 to 5 years
Construction in progress	1,106,462	-	N/A
Less: accumulated depreciation	<u>67,385</u>	<u>415,455</u>	
Furniture and Equipment, Net	<u>\$ 1,279,810</u>	<u>\$ 112,823</u>	

Depreciation expense was \$62,334 and \$81,782, for the years ended June 30, 2025 and 2024, respectively.

4. LEASE LIABILITY

Operating Lease

In August 2021, the Academy renewed its facility lease. The base rent for the first year, effective August 1, 2021 was \$570,009, which was \$47,501 monthly and expired on July 31, 2024. During the year ended June 30, 2025, the Academy was under a month-to-month operating lease.

Rent expense for the years ended June 30, 2025 and 2024, was \$595,312 and \$586,544, respectively.

LAYC CAREER ACADEMY PUBLIC CHARTER SCHOOL

Notes to the Financial Statements June 30, 2025 and 2024

4. LEASE LIABILITY

Operating Lease (continued)

Effective April 2025, the Academy entered into a long-term operating lease for its new facility. The lease agreement required the Academy to make a security deposit for one month of rent along with a \$1,000,000 collateral deposit during the fiscal year ended June 30, 2025. The collateral deposit is payable back to the Academy over the term of the lease and has been recorded as a long-term collateral deposit. The Academy moves into the new space upon commencement on September 1, 2025. The lease has a five-year term with two five-year options, giving the Academy until August of 2040 in the facility space. The new lease has annual base rent of \$1,295,600 for the first five years, along with a rent abatement of 25% to be applied to the monthly payment over that same five-year period. There is also a lease allowance of \$3,950,000 the landlord will make prior to commencement, which is recorded as a lease allowance receivable in the accompanying statement of financial position as of June 30, 2025.

The present value of this operating lease was recorded as a right of use asset and liability as of June 30, 2025. The payments and amortization of the lease will start upon commencement in fiscal year 2026.

The expected future minimum payments for the lease liabilities as of June 30, 2025 were as follows:

<u>Years Ending June 30,</u>	<u>Amounts</u>
2026	\$ 809,750
2027	992,042
2028	1,016,848
2029	1,042,129
2030	1,068,278
Thereafter	15,653,297
Less: amounts representing interest	7,811,223
Total	<u>\$ 12,771,121</u>

5. COMMITMENTS AND CONTINGENCIES

Grants

The Academy receives financial assistance from federal agencies and local governments in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the Academy. The Academy's administration believes such disallowance, if any, would be immaterial.

LAYC CAREER ACADEMY PUBLIC CHARTER SCHOOL

Notes to the Financial Statements June 30, 2025 and 2024

5. COMMITMENTS AND CONTINGENCIES (continued)

Concentration of Revenue

The Academy receives a substantial portion of its revenue from the District of Columbia. If a significant reduction in this revenue should occur, it may have a material effect on the Academy's programs. During the years ended June 30, 2025 and 2024, the Academy earned revenue of \$5,252,677 and \$3,673,927, respectively, from the District of Columbia, which was 81% and 95%, respectively, of the total revenue and support, respectively. These amounts are reflected as per pupil allocation, D.C. facilities allowance, federal and local grants in the accompanying statements of activities and change in net assets.

Litigation

The Academy may be subject to various claims and legal proceedings covering a wide range of matters that may arise in the ordinary course of its activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Academy.

SUPPLEMENTARY INFORMATION

LAYC CAREER ACADEMY PUBLIC CHARTER SCHOOL

Schedules of Occupancy Expenses and Non-Facility Expenses For the Years Ended June 30, 2025 and 2024

June 30, 2025				
Occupancy and Non-Facility Expenses	Occupancy Expenses		Non-Facility Expenses	Total per Statement of Functional Expenses
	Owned Facilities	Leased Facilities		
Rent expense		\$ 595,312		\$ 595,312
Depreciation and amortization	\$ -		\$ 62,334	62,334
Interest expense	-	-	-	-
Other occupancy expenses	-	212,243		212,243
Total Occupancy Expenses	\$ -	\$ 807,555		

June 30, 2024				
Occupancy and Non-Facility Expenses	Occupancy Expenses		Non-Facility Expenses	Total per Statement of Functional Expenses
	Owned Facilities	Leased Facilities		
Rent expense		\$ 586,544		\$ 586,544
Depreciation and amortization	\$ -		\$ 81,782	81,782
Interest expense	-	-	-	-
Other occupancy expenses	-	237,952		237,952
Total Occupancy Expenses	\$ -	\$ 824,496		

LAYC CAREER ACADEMY PUBLIC CHARTER SCHOOL

Schedule of Vendors Contracted for Services in Excess of \$25,000 For the Year Ended June 30, 2025 (UNAUDITED)

<u>Award Date</u>	<u>Name of the Vendor</u>	<u>Goods and Services</u>	<u>Minimum Contract Amount</u>	<u>Maximum Contract Amount</u>	<u>Conflict of Interest</u>
4/2/2025	Best Buy For Business	Laptops, technology	\$ 25,000	\$ 200,000	No
3/19/2025	Stoiber + Associates, PC	Architect	25,000	300,000	No
1/29/2025	Corbett Construction	General Contractor	25,000	300,000	No
1/29/2025	Cristales Tech Solutions	IT Classroom Support	25,000	100,000	No
11/7/2024	SB and Company LLC	Financial audit services	25,000	100,000	No
11/7/2024	Imagine Impact Consulting LLC	Talent consulting	25,000	100,000	No
11/7/2024	Stoiber & Associates PC	Architect	25,000	100,000	No
10/7/2024	Latin American Youth Center	IT Services	25,000	100,000	No
8/21/2024	Smart Cleaning Solutions	Janitorial Services	25,000	100,000	No
8/21/2024	Educational Solutions, LLC	SPED	25,000	100,000	No
8/19/2024	EdOps	Accounting	25,000	100,000	No
8/19/2024	Luncheras Di Si, LLC	School Meals	25,000	100,000	No
8/19/2024	National Capital Security	Security	25,000	100,000	No

LAYC CAREER ACADEMY PUBLIC CHARTER SCHOOL

**Schedule of Facility Usage
For the Year Ended June 30, 2025
(UNAUDITED)**

	<u>Square Footage</u>
Total square footage of leased facilities	21,500
Total square footage of owned facilities	<u>-</u>
Total square footage of combined facilities	<u>21,500</u>

LAYC CAREER ACADEMY PUBLIC CHARTER SCHOOL

Schedule of Administrative Fee Exclusions For the Year Ended June 30, 2025 (UNAUDITED)

Eligible Exclusions	Line Items in the Statement of Activities that Include the Amount Listed		Brief Description of What is Included in the Total Reported
Income from Philanthropy:			
Private Contributions, Donations, and Grants (includes but not limited to donated goods and services, donated facilities, and fundraising income)	\$ 534,025	Private grants and contributions	Foundation grants and private contributions
Income from Dividends, Interest, Net Rental Income, and Net Gain on Sales of Assets other than Inventory:			
Dividend and Interest Income	121,186	Interest income	Dividends and interest from CD and bank accounts
Rental Income net of Corresponding Rent Expense (must tie to Rental Income as reported on the Statement of Activities)	-	Other income	Room rental
Net Gain on Sales of Assets other than Inventory and Net Unrealized Gains	-		
ESSER and ESSER Equivalents	Assistance Listing		
Elementary and Secondary School Emergency Relief Fund II (ESSER II)	84.425D	-	
American Rescue Plan Elementary and Secondary School Emergency Relief Fund (ESSER III)	84.425U	-	
American Rescue Plan Elementary and Secondary School Emergency Relief – Homeless Children and Youth	84.425W	-	
Individuals with Disabilities Education Act/American Rescue Plan Act of 2021 (ARP)	84.027X/84.173X	-	
DC Opportunity Scholarship Program - ESSER II Equivalent	84.370C	-	
DC Opportunity Scholarship Program - ESSER III Equivalent	84.370C	-	
Employee Retention Tax Credit (ERTC)		495,909	
OSSE Grants for COVID-19 Testing, School-Based Clinical Support, and Contact Tracing			
Coronavirus State and Local Fiscal Recovery Funds-CTE Work Based Learning	21.027	-	
COVID-19 Positive Case Response (PCR)		-	
Pandemic EBT Administrative Costs	10.649	-	
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)/COVID 19 School Based Testing	93.323	-	
FCC's Emergency Connectivity Fund (ECF) (which should not include E-Rate)	32.009	-	
Total Administrative Fee Exclusions	\$ 1,151,120		

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL
CONTROLS 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
LAYC Career Academy
Public Charter School

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the LAYC Career Academy Public Charter School (the Academy), which comprise the statement of financial position as of June 30, 2025, the related statements of activities and change in net assets, 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 December 8, 2025.

Report on Internal Controls over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy's internal controls over financial reporting (internal controls) to determine the 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 Academy's internal controls. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal controls.

A deficiency in internal controls 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 controls, 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 controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal controls that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal controls 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 Academy'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 determination of financial statement amounts. 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 controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal controls or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Washington, D.C.
December 8, 2025

SB + Company, LLC